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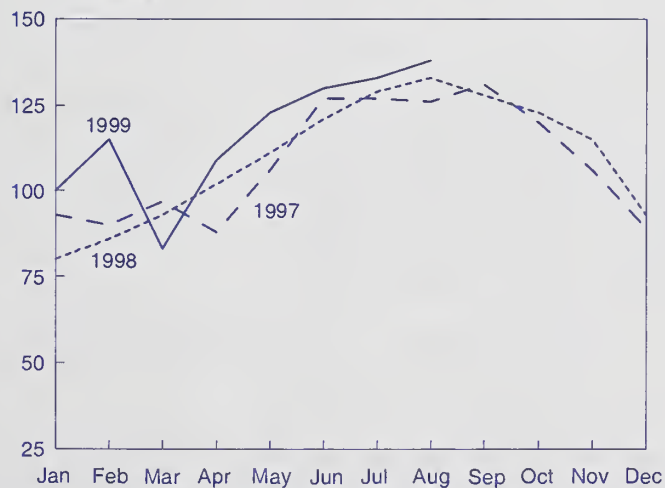
Fruit and Tree Nuts

Situation and Outlook Report

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**Index of Prices Received by Growers
For Fruit and Nuts Remains Strong in 1999**

1990-92=100



Source: National Agricultural Statistics Service, USDA.

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Summary

Despite larger crops of stone fruit, grapes, and strawberries, grower prices for fruit and nuts have remained higher than last summer, largely reflecting significantly lower citrus supplies during 1998/99 and the late start of most fruit crops in California and much of the Pacific Northwest. Cool weather delayed development of most West Coast fruit crops, while hot and dry conditions along the eastern United States resulted in early fruit maturity. Despite mixed weather conditions across the United States, fruit quality is reported to be generally good. Grower prices will likely continue strong in the fall due to expected smaller crops of apples and pears.

Higher retail prices for Valencia oranges, grapefruit, lemons, strawberries, and Thompson seedless grapes boosted retail prices for fresh fruit in July 1999 compared with a year ago. Four days of freezing temperatures in California in late December 1998 sharply reduced fresh citrus supplies and lifted retail prices. The late harvest of most domestic summer fruit, especially those from California, kept retail prices for strawberries and Thompson seedless grapes stronger than a year ago. During the fall, higher retail prices are expected for apples and pears following the trend in grower prices.

The 1999 U.S. apple crop is forecast to be down 7 percent from a year ago and down 2 percent from the 5-year average crop size. Lower production forecast in most Western States will not be offset by expected increases in Central and Eastern States. Washington's crop is down 19 percent, likely reducing fresh-market supplies in 1999. Because of the smaller crop this year, apple prices will likely improve in 1999/2000, and U.S. consumption of fresh apples will likely decline from the 19 pounds per person estimated for 1998/99.

U.S. grape production for 1999 is forecast up 11 percent from a year ago. If realized, this will be 10 percent lower than the record crop in 1997 but 7 percent higher than the average production during the past 5 years. California's grape crop is forecast up 10 percent, and combined production in 12 other States is forecast 24 percent larger. Due to the overall increase in grape production, grower prices during 1999/2000 will likely average slightly lower than last year and boost U.S. fresh grape consumption up from last year's 7.3 pounds per person.

U.S. pear production for 1999 is forecast 1 percent lower than in 1998 due to reduced production of varieties other than Bartlett. Because over 80 percent of pears other than Bartlett are typically for fresh use, U.S. fresh pear consump-

tion in 1999/2000 will likely be lower. Reduced production, combined with a smaller apple crop, indicate higher grower prices for fresh-market pears in 1999/2000.

U.S. peach production in 1999 is forecast up 3 percent from 1998 because of larger crops in California, South Carolina, and Georgia. Even with increased production, grower prices for fresh peaches have held strong because of the late start of most noncitrus fruit crops in California, improved quality and marketing of the peach crop, and strong domestic and export demand. The larger, good-quality crop, along with lower retail prices, could boost U.S. consumption of fresh peaches during 1999/2000.

The 1999 U.S. apricot crop is forecast 10 percent larger than a year ago. Increased production in California will more than offset expected limited production in Washington and Utah. The larger California crop will likely put downward pressure on apricot prices in 1999.

U.S. sweet cherry production in 1999 is forecast up 3 percent from a year ago and above average. A sharply larger crop in California offset reduced crops in Washington, Oregon, Michigan, and most cherry-producing States. Although overall production was up, good-quality fruit in general, the late start of the California season, and strong export demand may have kept grower prices from falling sharply from last year.

U.S. production of tart cherries is forecast down 26 percent in 1999 from a year ago, with a sharply smaller crop in Michigan—the leading producer. Production declined elsewhere, except in New York, Pennsylvania, and Oregon. Decreased production, along with a smaller increase in carryover stocks, will help put some upward pressure on grower prices this year. However, should the industry decide to release a portion of the reserve stock this year, this could offset some of the upward pressure on prices.

Commercial strawberry production in the six major producing States (CA, FL, OR, WA, MI, and NJ) is forecast up 4 percent from a year ago. Production in California, the dominant producer, is expected up 6 percent. Less competition from winter fruit supplies, the late harvest of many domestic summer fruit, and higher export demand helped sustain higher strawberry prices from 1998. Along with the larger crop, imports have been up so far—indicating increased fresh strawberry consumption this year.

Based on preliminary crop indications from the North American Blueberry Council (NABC), USDA's Economic Research Service estimates the 1999 U.S. cultivated blueberry crop to be up 5 percent from a year ago. The expected larger crop in Michigan, the largest producer, will likely offset smaller crops in New Jersey, Oregon, North Carolina, and Washington. NABC estimated there were fewer blueberries for fresh use this year, while processing use increased.

U.S. cranberry production is expected to reach a record in 1999, up 6 percent from a year ago. Larger crops are expected in Wisconsin, Massachusetts, New Jersey, and Oregon. Grower prices for cranberries will likely continue to fall during the 1999/2000 season, mirroring last year's scenario when an above-average crop and large carryover inventories forced down the season-average price to its lowest since the mid-1980's.

Most of the tropical fruit supplies in the United States are imported. Because of increased imports, per capita consumption of bananas, fresh mango, and fresh pineapples reached record highs during 1998. Meanwhile, reduced canned pineapple and pineapple juice imports led to decreased per capita consumption, while fresh papaya consumption remained unchanged from the prior year.

The 1998/99 U.S. citrus crop declined 23 percent from the previous season, mostly due to poor weather in 1998. All

citrus crops, except limes, were smaller. Adverse weather conditions delayed Florida's harvest and lowered its citrus production 20 percent from the 1997/98 record crop. California's citrus production decreased 39 percent because of freezing temperatures that lasted several days in late December.

The 1998/99 U.S. orange crop declined 29 percent from last year's record crop, with reduced production in all the major producing States. Although juice yields were record high, orange juice production declined 19 percent, the lowest output since 1993/94. Monthly prices Florida growers received for their processing oranges have been the highest since 1992.

Grapefruit production fell 3 percent in 1998/99 to the lowest output since 1991/92. Grower prices for fresh grapefruit averaged higher this year than the past several seasons as a result of strong demand from the processing sector, increased export demand, and the late-maturing crop.

Total production of tree nuts will likely increase substantially this season, and could surpass the previous record in 1997/98. Record almond and walnut crops are forecast, and larger crops of hazelnuts and pecans are likely in 1999. Pistachio production is forecast smaller than last year. With larger overall supplies, grower prices are likely to average below a year earlier, but domestic use and exports are expected to increase.

Fruit Price Outlook

Fruit Prices Strong During the Second Half of 1999

Despite increased supplies of stone fruit, grapes, and strawberries, grower prices for fruit and nuts have remained stronger than a year ago this summer, largely reflecting significantly lower citrus supplies during 1998/99 and the late start of most fruit crops in California and much of the Pacific Northwest. Cool weather delayed development of most West Coast fruit crops, while hot and dry conditions along the eastern United States resulted in early fruit maturity. Despite mixed weather conditions across the United States, fruit quality is reported to be generally good, boosting domestic and export demand. Grower prices will likely continue strong in the fall, as smaller crops of apples and pears lead to higher prices. Tree nut prices will likely fall below a year ago during the 1999/2000 season as a bumper crop is expected.

Grapes, oranges, and apples carry the most weight in the calculation of the grower price index for fruit and nuts. Other fruit used in the calculation of the index include grapefruit, lemons, peaches, pears, strawberries, and almonds. Combined, these six commodities account for about a third of the total weight. From July to August 1999, the index averaged 3 percent higher than the same time last year (table 1), reflecting higher average prices for oranges, grapefruit, apples, peaches, grapes, and strawberries. The slow maturity of fruit crops in California and much of the Pacific Northwest kept summer fruit prices strong thus far.

Table 1--Index of prices received by growers for fruit and nuts, 1995-99

Month	1995	1996	1997	1998	1999
1990-92=100					
January	74	95	93	80	100
February	74	95	90	86	115
March	76	104	97	93	83
April	81	100	88	102	109
May	101	114	106	111	123
June	105	134	127	121	130
July	111	130	127	129	133
August	127	131	126	133	138
September	118	144	131	128	
October	113	140	120	123	
November	99	125	106	115	
December	90	103	89	93	
Annual	97	118	108	110	

Source: National Agricultural Statistics Service, USDA.

Although prices for grapes, strawberries, and peaches in July declined from the June average, the price index was 2 percent higher than the June index, reflecting further strengthening of orange, lemon, and pear prices. While orange prices are likely to continue strong, stone fruit and grape prices are expected to drop for the remainder of the summer as harvest volume gains momentum.

In July, the Consumer Price Index (CPI) for fresh fruit averaged 7 percent higher than the same period a year ago but was down 3 percent from the June CPI (table 2). The higher CPI compared with a year ago reflects higher retail prices for Valencia oranges, grapefruit, lemons, strawberries, and Thompson seedless grapes (table 3). Four days of freezing temperatures in California in late December 1998 was largely to blame for the sharply reduced fresh citrus supplies through much of 1999, lifting citrus prices. Less competition resulting from the late harvest of many domestic summer fruit, especially those from California, kept strawberry retail prices stronger than a year ago as it did earlier in the year when winter orange supplies were curtailed. The CPI declined from the June CPI as retail prices for bananas, peaches, strawberries, and Thompson seedless grapes fell seasonally. Prices for these four commodities are expected to continue to decline seasonally through the rest of the summer. During the fall, higher retail prices are expected for apples and pears following the trend in grower prices.

Table 2--U.S. consumer price indexes for fresh fruit, 1996-99

Month	1996	1997	1998	1999
1982-84=100				
January	228.0	239.1	240.2	267.4
February	218.8	231.5	240.3	257.8
March	221.5	234.6	235.9	257.4
April	232.3	235.8	241.6	271.9
May	234.2	239.4	249.0	280.6
June	233.7	228.5	247.3	273.4
July	232.7	229.9	247.4	264.9
August	231.8	237.0	248.7	
September	243.7	243.9	247.6	
October	243.9	242.6	251.8	
November	241.4	233.9	249.6	
December	251.1	239.4	258.7	
Annual average	234.4	236.3	246.5	

Source: Bureau of Labor Statistics, U.S. Department of Labor.

Table 3--U.S. monthly retail prices for selected fruits and juice, 1996-99

Month	Valencia oranges				Navel oranges				Orange juice, concentrate 1/				Grapefruit			
	1996	1997	1998	1999	1996	1997	1998	1999	1996	1997	1998	1999	1996	1997	1998	1999
	--Dollars per pound--				--Dollars per pound--				--Dollars per 16 fl. oz--				--Dollars per pound--			
Jan.	--	--	--	--	0.561	0.555	0.525	0.830	1.577	1.737	1.601	1.753	0.463	0.515	0.499	0.543
Feb.	--	--	--	--	.559	.554	.507	.889	1.625	1.768	1.568	1.780	.460	.489	.481	.545
Mar.	--	--	--	--	.565	.546	.505	.869	1.609	1.747	1.587	1.741	.464	.496	.503	.546
Apr.	--	--	--	--	.620	.598	.571	.944	1.657	1.727	1.634	1.779	.468	.512	.510	.556
May	--	--	--	0.865	.716	.706	.672	--	1.704	1.736	1.589	1.764	.493	.518	.491	.606
June	0.616	0.580	0.664	.942	--	--	--	--	1.743	1.752	1.633	1.758	.592	.520	.587	.712
July	.604	.607	.683	.959	--	--	--	--	1.774	1.770	1.655	1.813	.648	.592	.695	.778
Aug.	.717	.669	.679	--	--	--	--	--	1.765	1.755	1.668	--	.670	.646	.738	--
Sep.	.779	.670	.650	--	--	--	--	--	1.733	1.695	1.599	--	.775	.681	.750	--
Oct.	.799	.616	.643	--	--	--	--	--	1.761	1.711	1.655	--	.716	.628	.767	--
Nov.	--	--	0.621	--	.707	.642	--	--	1.747	1.666	1.654	--	.587	.543	.618	--
Dec.	--	--	--	--	.593	.583	.608	--	1.735	1.670	1.679	--	.550	.532	.548	--
	Lemons				Red Delicious apples				Bananas				Peaches			
	1996	1997	1998	1999	1996	1997	1998	1999	1996	1997	1998	1999	1996	1997	1998	1999
	--Dollars per pound--				--Dollars per pound--				--Dollars per pound--				--Dollars per pound--			
Jan.	1.011	1.115	1.026	1.402	0.877	0.907	0.922	0.860	0.463	0.497	0.473	0.489	--	--	--	--
Feb.	.902	1.084	.976	1.274	.877	.912	.960	.870	.501	.518	.489	.509	--	--	1.894	1.856
Mar.	.896	1.005	.959	1.167	.894	.914	.962	.852	.539	.532	.475	.506	--	--	--	1.941
Apr.	.934	.990	.946	1.188	.915	.895	.949	.870	.505	.512	.511	.482	--	--	--	--
May	1.013	1.059	1.027	1.159	.921	.912	.974	.881	.512	.484	.510	.492	--	--	--	--
June	1.143	1.309	1.059	1.183	.954	.914	.955	.893	.498	.488	.507	.502	1.142	1.122	1.425	1.413
July	1.233	1.519	1.262	1.282	.976	.918	1.000	.905	.498	.487	.530	.494	1.218	.951	1.179	1.160
Aug.	1.331	1.623	1.405	--	.998	.935	.990	--	.478	.475	.489	--	1.101	.973	1.065	--
Sep.	1.352	1.631	1.428	--	1.006	.933	.971	--	.458	.458	.476	--	1.244	1.143	1.221	--
Oct.	1.274	1.477	1.462	--	.949	.881	.902	--	.465	.459	.470	--	--	--	--	--
Nov.	1.140	1.162	1.453	--	.907	.864	.878	--	.477	.468	.487	--	--	--	--	--
Dec.	1.144	1.057	1.372	--	.886	.897	.854	--	.481	.461	.510	--	--	--	--	--
	Anjou pears				Strawberries 2/				Thompson seedless grapes				Wine 3/			
	1996	1997	1998	1999	1996	1997	1998	1999	1996	1997	1998	1999	1996	1997	1998	1999
	--Dollars per pound--				--Dollars per 12-oz. pint--				--Dollars per pound--				--Dollars per liter--			
Jan.	--	1.017	0.863	0.923	1.692	--	2.135	--	2.072	1.981	1.815	2.341	4.962	5.266	5.302	5.287
Feb.	--	1.001	.931	.925	1.505	1.514	2.080	2.102	1.557	1.508	1.722	1.663	4.578	4.933	4.790	5.103
Mar.	.860	1.003	.878	.942	1.236	1.317	1.751	1.960	1.350	1.675	1.579	1.613	5.031	5.337	5.306	5.262
Apr.	.895	1.011	.918	.953	1.082	1.179	1.613	1.751	1.824	1.876	1.516	2.262	4.661	4.933	4.764	5.129
May	.878	1.026	.962	.960	.957	1.073	1.386	1.419	1.893	2.136	--	--	5.096	5.320	5.322	5.302
June	.886	--	.996	.913	1.226	1.213	1.413	1.490	1.934	1.606	1.651	1.864	4.703	4.992	4.808	5.093
July	--	--	--	--	1.247	1.383	1.346	1.375	1.532	1.372	1.256	1.678	5.118	5.406	5.319	5.384
Aug.	--	--	--	--	1.164	1.375	1.454	--	1.167	1.240	1.448	--	4.775	5.022	4.801	--
Sep.	--	--	--	--	1.420	1.488	1.469	--	1.269	1.275	1.393	--	5.188	5.414	5.370	--
Oct.	--	--	--	--	1.409	--	1.779	--	1.690	1.646	1.564	--	4.870	5.132	4.823	--
Nov.	--	--	--	--	--	1.654	--	--	2.252	2.035	1.941	--	5.226	5.275	5.274	--
Dec.	1.059	.854	0.983	--	--	--	--	--	--	2.188	--	--	4.902	5.001	4.978	--

-- = Insufficient marketing to establish price.

1/ Data converted from 12 fluid ounce containers.

2/ Dry pint.

3/ Data series began August 1995.

Source: Bureau of Labor Statistics, U.S. Department of Labor.

Noncitrus Fruit Outlook

U.S. Apple Crop Expected Smaller in 1999, Prices Likely To Improve

USDA's August forecast for 1999 U.S. apple production was 10.6 billion pounds, down 7 percent from 1998 and 3 percent lower than the 5-year average (table 4). Lower production forecast in most Western States will not be offset by anticipated increases in Central and Eastern States. Because of the smaller crop this year, apple prices will likely improve in 1999/2000 from price levels during 1998/99. In addition, the expected decline in pear production, which tends to compete with apples in the fall, may place additional upward pressure on apple prices. Despite higher fresh-market exports, the season-average grower price for all apples fell 20 percent from a year earlier during 1998/99 to 12.3 cents per pound, partially due to increased production in 1998 and higher carryover stocks from the 1997/98 season.

Apple production in the Western States is expected to be 6.3 billion pounds in 1999, down 18 percent from a year ago. Smaller crops are expected in all apple-producing States in the region, except California. The Washington apple crop forecast was 5.2 billion pounds, down 19 percent from last year's record crop and maturing about 2 weeks late. Apple orchards in the State bloomed variably, with lighter blooms for Red Delicious and Fuji apples. A relatively cooler spring, some frost damage, and a reduction in crop acreage also reduced potential crop size. Similar weather conditions prevailed in Oregon where the crop is expected to be down 11 percent from a year ago. While the California crop is also developing behind normal due to relatively cooler spring temperatures, adequate dormancy and dry weather have provided conditions for a better crop this year. Production there was forecast to increase 1 percent to 825 million pounds.

Apple production in the Central States was forecast up 12 percent in 1999 to 1.5 billion pounds. Production in nearly all the apple-producing States in the region was forecast up from last year. Throughout Michigan, where production made up 71 percent of the Central States' total, orchard blooms were generally good. Weather, especially during pollination, was mostly favorable. Although harvest in Michigan was also delayed, production was forecast up 8 percent from a year earlier.

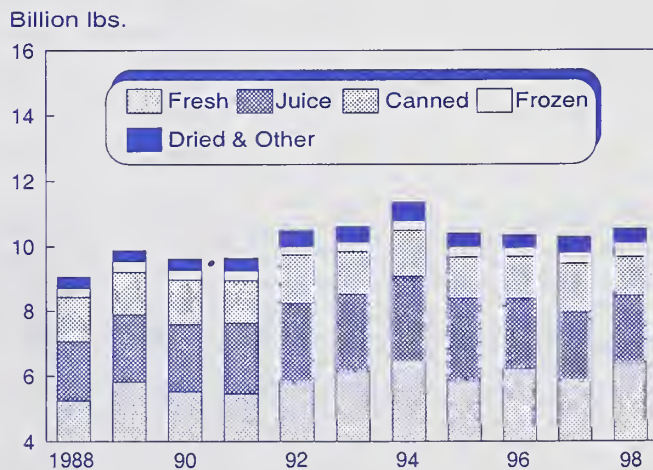
Apple crops in the Eastern States are expected to increase 18 percent to 2.7 billion pounds. For most of the region, weather conditions have been generally favorable, especially during

the bloom stage, and only minimal frost damage had been reported. Despite low moisture conditions, 1999 production is expected to be up 13 percent in New York and 27 percent in Pennsylvania. Among the other major producers in the region, production is also expected to be up in Virginia, North Carolina, and West Virginia.

The U.S. Apple Association reports that as of July 1, 1999, U.S. apple holdings totaled 17.3 million bushels (1 bushel = 42-pound unit), with fresh apple holdings accounting for 13.1 million bushels, up 18 percent from this time last year. The expected smaller crop in Washington—the largest supplier to the domestic fresh apple market—will likely push fresh-market supplies down compared with last year. Reduced supplies, coupled with an extended period to market 1998 storage apples given the late start of the 1999 fall apple crop, will help boost this year's grower prices for fresh-market apples. A 9-percent increase in fresh-market production during 1998 pushed the season-average grower price for fresh-market apples down 23 percent from 1997 to 17.1 cents a pound.

With the larger crop last year, retail prices for Red Delicious apples in 1998/99 were about 4 percent lower than a year ago, boosting domestic demand. U.S. fresh apple consumption in 1998/99 is expected to increase 4 percent from the previous year to about 19 pounds per person. With the smaller crop expected this year, fresh apple consumption will likely decline in 1999/2000.

Figure 1
U.S. Apple Utilization



Source: National Agricultural Statistics Service, USDA.

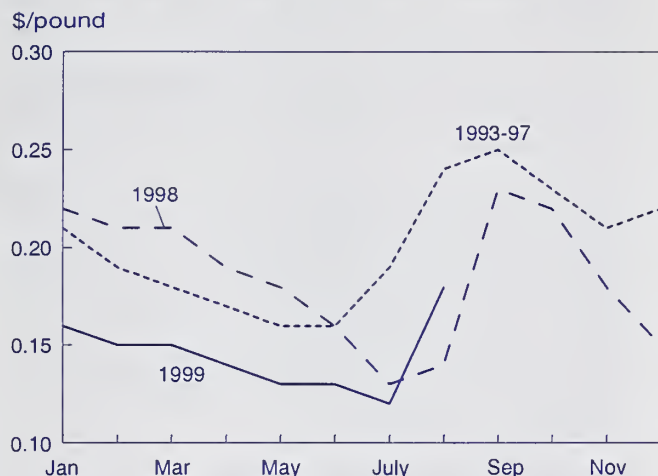
Table 4--Apples: Total production and season-average price received by growers, 1996-98, and indicated 1999 production 1/

States	Production				Price		
	1996	1997	1998	1999	1996	1997	1998
	---- Million pounds ----				--- Cents per pound ---		
Eastern States:							
Connecticut	20	24	18	22	32.4	31.2	34.8
Delaware	15	2/	2/	2/	18.5	2/	2/
Georgia	15	15	11	12	16.4	13.7	16.1
Maine	65	64	45	52	20.2	19.3	23.0
Maryland	29	46	35	37	15.6	20.0	17.8
Massachusetts	55	60	29	57	26.2	25.8	32.0
New Hampshire	39	41	19	41	22.4	21.0	28.3
New Jersey	60	55	55	55	15.1	13.2	12.2
New York	1,030	1,120	1,070	1,210	13.5	12.6	11.4
North Carolina	200	152	185	188	12.0	11.0	11.1
Pennsylvania	391	535	395	500	12.9	13.3	13.9
Rhode Island	3	4	3	3	25.1	26.7	31.5
South Carolina	30	60	45	38	13.8	12.2	19.7
Vermont	45	50	35	50	18.6	18.7	22.2
Virginia	275	270	280	360	11.6	10.6	11.7
West Virginia	105	115	110	120	11.1	10.3	9.1
Total	2,377	2,610	2,333	2,745			
Central States:							
Arkansas	6	7	5	7	17.8	28.9	22.7
Illinois	53	74	45	75	29.0	19.6	18.6
Indiana	48	50	54	60	26.8	21.8	24.5
Iowa	11	13	9	9	31.3	28.6	28.6
Kansas	2	8	2	6	25.8	18.5	25.6
Kentucky	11	7	11	14	31.6	26.1	28.4
Michigan	700	1,000	970	1,050	12.6	9.8	8.7
Minnesota	21	22	24	24	46.0	44.3	44.4
Missouri	32	53	34	44	23.3	18.9	17.2
Ohio	90	60	80	100	26.6	22.1	20.4
Tennessee	11	10	13	12	24.1	23.8	22.2
Wisconsin	46	50	76	77	32.4	29.4	27.8
Total	1,031	1,353	1,321	1,479			
Western States:							
Arizona	100	45	46	40	12.4	10.7	14.8
California	950	962	815	825	16.6	16.9	15.0
Colorado	25	35	65	15	20.2	15.1	11.9
Idaho	190	110	170	90	13.6	13.9	7.6
New Mexico	5	7	8	3/	31.2	33.9	21.0
Oregon	156	160	180	160	9.1	23.8	14.2
Utah	48	42	49	14	13.6	16.5	14.5
Washington	5,500	5,000	6,400	5,195	16.6	16.4	11.6
Total	6,974	6,361	7,733	6,339			
United States	10,382	10,324	11,387	10,563	15.9	15.4	12.3

1/ Commercial production from orchards of at least 100 bearing-age trees. 2/ Estimates discontinued in 1997. 3/ Forecast discontinued in 1999.

Source: National Agricultural Statistics Service, USDA.

Figure 2
U.S. Grower Prices for Fresh Apples



Source: National Agricultural Statistics Service, USDA.

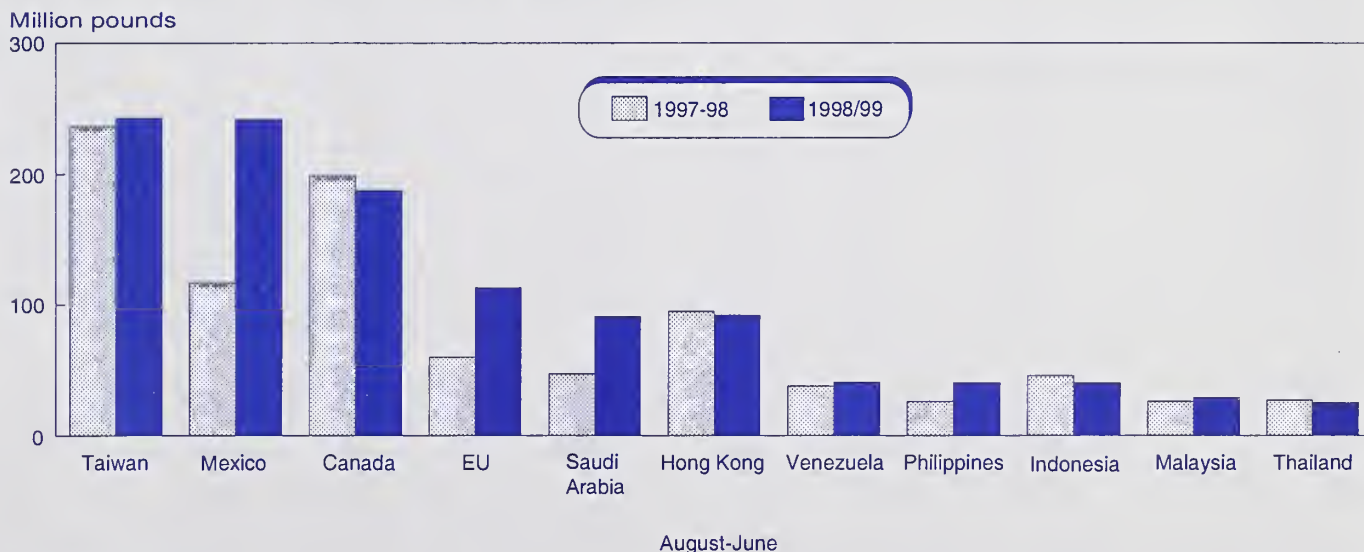
U.S. imports of fresh-market apples, from August 1998 through June 1999, totaled 297.6 million pounds, 8 percent lower than the same period a year earlier. New Zealand and Chile each provided about a third of U.S. apple imports, while Canada supplied about a quarter. Apple imports were down from these major sources, except Chile where record production allowed for a 24-percent rise in shipments to the United States. During the same period, U.S. exports of fresh apples increased 23 percent, to 1.4 billion pounds, assisted in part by record-large supplies of relatively good quality fruit last year, particularly from the Pacific Northwest. Exports to key Asian markets have shown

improvement over last year. Shipment volumes rose 3 percent to Taiwan, 56 percent to the Philippines, 12 percent to Malaysia, 77 percent to Singapore, and 161 percent to Japan. Shipments, however, fell by 3 percent to Hong Kong. Exports also rose 106 percent to Mexico, reflecting their much smaller harvest last year and the March 1998 lifting of the 101 percent antidumping duty on U.S. Red and Golden Delicious apples imposed by Mexican commerce officials in September 1997. Meanwhile, exports to Canada fell 5 percent, due in part to increased production. Export prospects during the 1999/2000 season may be limited by reduced production, particularly in Washington, where the crop is heavily oriented toward the fresh market.

U.S. imports of apple juice and cider from August 1998 through June 1999 totaled 272.1 million gallons, up 17 percent from the same period in 1997/98. While U.S.-fresh apple imports are fairly insignificant compared with total U.S. supplies, apple juice imports provided between 50 to 60 percent of supplies during the 1990's. Argentina and Germany have been major sources of apple juice, providing about a third and as much as a fourth of U.S. apple juice imports throughout most of the 1990's. Imports from China have increased substantially during the same period, rising from 92,569 gallons in 1989/90 to 34.3 million gallons in 1997/98. In 1997/98, China surpassed Germany as the second-largest source of apple juice, supplying about 13 percent of total U.S. imports.

During the 1999/2000 marketing season, U.S. apple juice imports from China, most of which are in concentrate form, may be limited by possible antidumping duties. On June

Figure 3
U.S. Shipments of Fresh Apples to Major Markets



Source: Bureau of Census.

28, the U.S. Department of Commerce began conducting a dumping investigation of apple juice concentrate imports from the People's Republic of China. The investigation results from allegations that China is selling this product in the United States at unfairly low prices, causing economic injury to the U.S. domestic industry. On the same day, the U.S. International Trade Commission (ITC) in Washington D.C., also conducted a preliminary hearing to gather evidence of economic injury to domestic concentrate producers. On July 22, the ITC announced its determination that there is reasonable indication that U.S. apple juice producers are materially injured or threatened with material injury by imports of certain nonfrozen concentrated apple juice from China sold in the United States at below cost.

Given the ITC determination, the U.S. Department of Commerce will continue to pursue the dumping investigation and is scheduled to announce its preliminary dumping decision by November 15. If the Department decides that the domestic concentrate industry's complaint is valid, it will impose a tariff on concentrate imports from China as of the day of the decision. U.S. apple juice producers are requesting a 91-percent duty on concentrate imports from China. If the Department finds that large amounts of juice concentrate were imported from China during the period of the investigation, the tariff may be imposed retroactively up

to a maximum of 90 days prior to the decision. If a tariff is imposed, apple juice concentrate imports from China likely will drop.

U.S. apple juice and cider exports in 1998/99 (August-June) declined 15 percent from the same period in 1997/98, to 8.2 million gallons. While exports to Japan rose 24 percent, exports to Canada fell 37 percent. Both countries, combined, make up close to three-fourths of total exports. Despite the expected smaller 1999 crop in Washington, higher ending stocks of processing apples in 1998/99 than the previous season, and increased production in the central and eastern regions—where a larger share of output goes to the processing sector—will raise prospects for U.S. apple juice and cider exports in 1999/2000.

More Grapes Expected in 1999

U.S. grape production for 1999 is forecast to be up 11 percent from a year ago to 13.1 billion pounds (table 5). If realized, this will be 10 percent lower than the record crop in 1997 but 7 percent higher than the 5-year average production. Besides California, nine other grape-producing States, out of the 13 States surveyed by NASS, are forecast to harvest more grapes this year than 1998. The grape crop in California, making up 90 percent of all U.S. grapes, is forecast to reach 11.8 billion pounds in 1999, 10 percent larger

Table 5--Grapes: Total production and season-average price received by growers in principal States, 1996-98, and indicated 1999 production

State	Production				Price		
	1996	1997	1998	1999	1996	1997	1998
	-- Million pounds --				-- Cents per pound --		
Arizona	50	50	46	16	40.2	29.4	37.6
Arkansas	18	13	9	11	31.5	29.3	24.9
Georgia	6	5	6	8	52.5	46.7	55.5
Michigan	130	122	141	130	11.4	12.6	12.5
Missouri	4	4	4	5	24.0	24.0	26.6
New York	378	278	256	372	12.9	14.2	15.3
North Carolina	2	2	3	3	37.9	48.4	51.5
Ohio	16	14	12	17	12.2	14.3	15.7
Oregon	30	37	29	39	51.0	56.0	59.0
Pennsylvania	166	122	108	142	11.9	12.9	13.4
South Carolina	1	1	1	1	54.5	61.0	76.0
Washington	288	638	444	570	20.1	19.5	24.1
Total 1/	1,090	1,286	1,060	1,314			
California:							
Wine	4,450	5,880	5,140	5,800	26.8	29.9	29.1
Table	1,184	1,650	1,290	1,500	32.5	22.4	24.9
Raisin 2/	4,384	5,766	4,316	4,500	14.1	13.1	13.7
All	10,018	13,296	10,746	11,800	21.9	21.7	22.4
United States	11,108	14,582	11,806	13,114	21.5	21.4	22.3

1/ Some figures may not add due to rounding. 2/ Fresh weight of raisin-type grapes.

Source: National Agricultural Statistics Service, USDA.

than a year ago and 7 percent greater than its 5-year average. USDA forecasts grape production in 12 other States to be 1.3 billion pounds in 1999, 24 percent greater than a year ago, due to larger crops in Washington, New York, Pennsylvania, Oregon, Ohio, Arkansas, Georgia, Missouri, and North Carolina.

Grape production in California during 1999 will consist of the following: 13 percent table varieties, 49 percent wine varieties, and about 38 percent raisin varieties. Production of all variety types is expected to increase, up 16 percent, 13 percent, and 4 percent, respectively, from a year ago. During 1998, California's grape production declined 19 percent from the previous year, to 10.7 billion pounds. In 1998, although bearing acres for California's grape vineyards increased 4 percent from the previous year, below-average temperatures and above-normal rainfall during much of the first half of the year caused yields to decline 27 percent. Because of California's dominance in U.S. grape production, the sharply smaller crop there brought overall U.S. production down 19 percent from the record crop in 1997 to 11.8 billion pounds. Among the other important grape producing States, smaller crops were also harvested in Washington, New York, Pennsylvania, and Oregon.

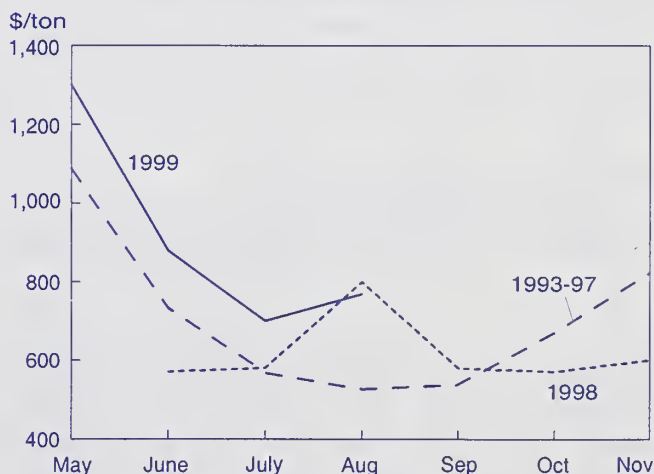
Favorable weather this year benefited California's 1999 grape crop. This year's winter provided adequate dormancy for the grape vineyards, and spring had plenty of warm days and cool nights. Besides the expected larger crop, California growers have reported generally good fruit quality, especially for table and wine varieties. Although raisin varieties in the State generally produced fewer bunches per vine this year, production increased partly due to larger-sized grapes. While the cool spring delayed overall crop development in California by about 2 weeks, extended hot, dry periods in much of the Mid-Atlantic region were causing grape crops there to mature faster than normal. The recent drought in the Mid-Atlantic region also resulted in smaller but sweeter grapes. Production in New York and Pennsylvania is expected to be 45 percent and 31 percent larger than a year ago. The crop in Michigan, which ranks fifth in U.S. grape production, is forecast down 8 percent due to heavy rains and disease problems, which particularly affected wine varieties produced in the northwest portion of the State.

Grower prices for fresh-market grapes in May this year averaged 20 percent higher than the 1995-97 same month average (no average was reported in May 1998), attributed in part to the late start of the Coachella Valley grape season and good fruit quality. There were plenty of summer stone fruit this summer, but like many other fruit crops in California, the season started later than usual, providing an additional boost to early-season grape prices. While still 37 percent

higher than a year ago, prices declined seasonally in June and July, with supplies coming from both the Coachella Valley and the San Joaquin Valley. Effects of increased supplies started to appear in August when prices, although up from July, averaged 4 percent lower than in August 1998. Because overall production is expected to be up, prices during 1999/2000 will likely average slightly lower than a year ago. Last year, the smaller table grape crop and reduced supplies of summer stone fruit helped improve grower prices for fresh grapes to \$630 per ton during the 1998/99 marketing season, 4 percent higher than in 1997/98. The 1998/99 season-average grower price for all grapes rose 4 percent to \$445 per ton.

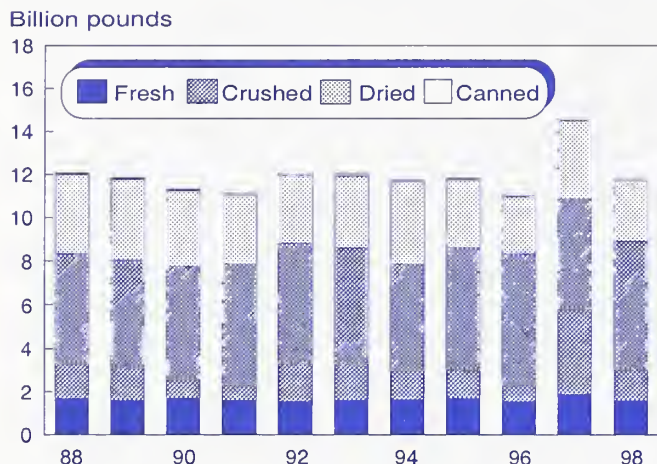
Grapes used for processing account for about 87 percent of total grape utilization. In California, the wine-type grape crop was down 13 percent in 1998 from the previous year. However, grapes utilized for wine were off 18 percent. About 35 percent fewer raisin-type grapes and 36 percent fewer table-type grapes were crushed for wine last year compared with 1997. Grapes utilized for juice in 1998 declined 24 percent from 1997. However, grapes for juice were only about 10 percent of total crush for juice and wine in 1998. Grower prices for grapes used for wine rose 1 percent and for juice rose 7 percent, both following the higher grower prices for grapes for all uses in 1998. Meanwhile, the smaller raisin crop, combined with lower drying yields for grapes, raised grower prices for grapes used for raisins 9 percent to \$239 per ton. Continued strong processor demand for grapes for crushing will again limit the availability of grapes for raisin production this year, likely leading to higher grower prices for grapes for drying and lower raisin exports for the 1999/2000 marketing season.

Figure 4
U.S. Grower Prices for Fresh Grapes



Source: National Agricultural Statistics Service, USDA.

Figure 5
U.S. Grape Utilization



Source: National Agricultural Statistics, USDA.

As a result of lower fresh-market grape production, U.S. fresh grape consumption fell 10 percent from a year ago in 1998/99, to an estimated 7.3 pounds per person, despite higher imports. With good quality grapes expected from this year's larger crop, consumption will likely rise in 1999/2000. U.S. fresh grape imports increased 1.4 percent from a year earlier in 1998/99 (May-April), reaching 874 million pounds (table 6). Lower imports from Chile and Italy more than offset increased shipments from other key suppliers such as Mexico, the Republic of South Africa, and Canada.

Reduced grape production in 1998, combined with weakened economies in important Asian markets, limited export opportunities for fresh table grapes last season. U.S. fresh grape exports in 1998/99 (May 1998-April 1999) totaled 446.1 million pounds, down 27 percent from the previous season. Exports declined to all major markets—Canada (19 percent), Hong Kong (47 percent), and Mexico (7 percent). As for other important markets in Asia, exports also declined to Taiwan, the Philippines, Malaysia, Singapore, and Indonesia. Exports to Japan, however, were up 7 percent and to

Table 6--U.S. imports of fresh grapes, by country,
(May-April) 1994/95-1998/99

Source	1994/95	1995/96	1996/97	1997/98	1998/99
Million pounds					
Chile	619.0	603.4	590.1	662.2	608.5
Mexico	90.5	177.6	132.2	166.9	223.5
Republic of South Africa	6.6	6.5	16.6	22.7	30.0
Canada	1.6	2.8	6.5	7.1	9.2
Italy	0.4	0.3	0.5	2.5	2.1
Other	0.9	2.0	0.6	0.8	1.3
World	719.0	792.6	746.5	862.2	874.6

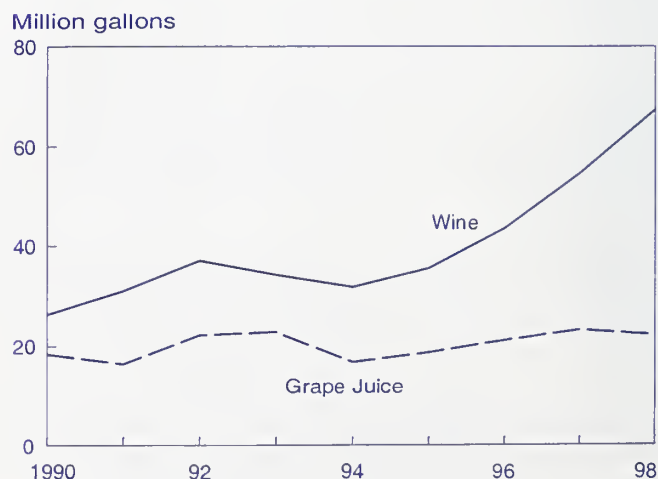
Source: Bureau of the Census, U.S. Department of Commerce.

Mainland China—a relatively new market for U.S. table grapes—were up 1,169 percent. Good exportable quality and adequate supplies will help promote exports for the 1999/2000 season.

The United States is a net importer of both wine and grape juice. After four consecutive years of growth, U.S. imports of wine declined in 1998 from the previous year. Wine supplies from major suppliers such as Italy, France, the Federal Republic of Germany, and Chile declined, bringing total U.S. wine imports down 9 percent to 109.1 million gallons. Lower imports, along with the decline in the quantity of domestic grapes used for wine production and a strong export market for U.S. wine, indicate a reduction in wine inventories, likely limiting the growth in U.S. per capita wine consumption in 1998. U.S. imports of grape juice totaled 31.3 million gallons in 1998, down 51 percent from a year earlier. Shipments from the top five suppliers to the U.S. market—Argentina, Mexico, Spain, Brazil, and Chile—fell significantly. From January to June 1999 imports of wine continued at levels behind a year ago, while imports of grape juice were up 11 percent.

U.S. exports of wine and grape juice increased sharply from 1990 to 1998, but the expansion in wine exports was more rapid than that for grape juice. Wine exports increased 176 percent over this 9-year period, reaching 67.2 million gallons in 1998. Grape juice exports during the same period increased 21 percent to 22.2 million gallons. Wine exports reached a record high during 1998, increasing 23 percent from a year ago, with increases to the European Union (up 26 percent), Japan (up 110 percent), and Canada (up 20 percent). Cumulative exports of wine from January to June 1999 totaled 32.3 million gallons, down 5 percent from the

Figure 6
U.S. Exports of Wine and Grape Juice



Source: Bureau of Census.

same period in 1998, mostly reflecting lower shipments to Japan (down 45 percent) and to the United Kingdom (down 7 percent).

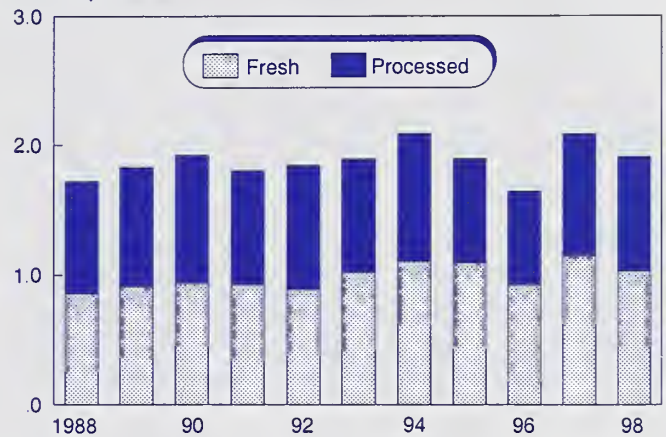
Fewer Fresh-Market Pears in 1999 To Boost Fresh-Market Prices

The U.S. pear production forecast for 1999 is 1.9 billion pounds, down 1 percent from 1998 (table 7). Overall production is down due to reduced production of varieties other than Bartlett, expected to total 854 million pounds, down 9 percent from last year. Production of varieties other than Bartlett is expected to decline 4 percent in Washington and 15 percent in Oregon but remain unchanged in California. Combined production of other-than-Bartlett pears in Colorado, Connecticut, Michigan, New York, Pennsylvania, and Utah is expected to decline 14 percent. Typically, over 80 percent of other-than-Bartlett pears are for fresh use.

Bartlett pear production is expected to be up 3 percent in California, 14 percent in Washington, and 2 percent in

Figure 7
U.S. Pear Utilization

Billion pounds



Source: National Agricultural Statistics Service, USDA.

Table 7--Pears: Total production and season-average price received by growers, 1996-98, and indicated 1999 production

State	Production 1/				Price		
	1996	1997	1998	1999	1996	1997	1998
	---- Million pounds ----				--- Cents per pound ---		
Pacific Coast:							
California:							
Bartlett	574	564	554	570	12.1	13.2	12.3
Other	60	60	60	60	25.0	18.6	21.8
Total	634	624	614	630	14.5	13.7	13.2
Oregon:							
Bartlett	90	150	130	132	18.1	15.0	17.1
Other	260	360	360	306	24.5	13.5	16.9
Total	350	510	490	438	22.9	13.9	16.9
Washington:							
Bartlett	210	410	290	330	18.8	13.1	14.8
Other	390	500	460	440	22.1	14.0	13.3
Total	600	910	750	770	21.0	13.6	13.9
Three States:							
Bartlett	874	1,124	974	1,032	15.2	13.4	13.7
Other	710	920	880	806	23.3	14.1	15.3
Total	1,584	2,044	1,854	1,838			
Colorado	2	5	7	1	21.8	14.8	22.5
Connecticut	2	2	2	2	36.3	35.0	38.8
Michigan	12	8	10	9	13.0	12.5	13.6
New York	30	16	23	26	19.2	19.2	18.8
Pennsylvania	8	8	12	8	25.3	27.6	17.6
Utah	3	1	2	1	24.2	29.3	15.4
Total	57	41	56	48			
United States							
Bartlett	874	1,124	974	1,032	15.2	13.4	13.7
Other	767	961	936	854	23.3	14.1	15.3
Total	1,641	2,085	1,910	1,886	18.8	13.8	14.6

1/ Includes unharvested production and production not sold.

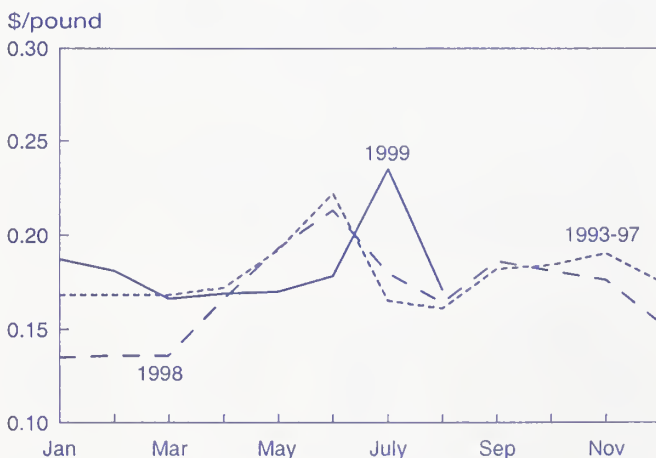
Source: National Agricultural Statistics Service, USDA.

Oregon during 1999 compared with 1998. The forecast for the three Pacific Coast States total 1.0 billion pounds, up 6 percent from 1998. Bartlett pears produced in these three States represented more than half of the total U.S. pear production in the last 3 years. Over 70 percent of U.S. Bartlett pear production is usually processed, with the balance being marketed during the summer. Other pear varieties produced in the United States supply the market during the fall and winter.

Fruit quality and fruit size of California's Bartlett pear crop are reported good. In Oregon and Washington, cold winter conditions lasted through the spring, slowing crop development. In other pear-producing States, specifically in the Northeast region, drought conditions are resulting in smaller-size fruit.

The overall decline in pear production this year, along with decreased supplies of domestic-grown apples, indicate higher grower prices for fresh-market pears in 1999/2000. The delay in harvesting pear crops in Washington and Oregon could give an additional boost to grower prices. However, significantly larger carryover inventories could offset some of the strength in prices. Stocks of fresh pears (other-than-Bartlett varieties) in cold storage as of June 30, 1999, were 59 percent larger than the same period in 1998. On June 30, 1998, stocks were only 3 percent larger than the prior year. Grower prices for fresh-market pears averaged 7 percent higher than a year ago during the first 6 months in 1999, reflecting reduced fresh-market production in the fall of 1998. In July, the beginning of the 1999/2000 marketing season, the average price was 23.5 cents a pound (\$469 per ton), 30 percent higher than the average in July 1998.

Figure 8
U.S. Grower Prices for Fresh Pears



Source: National Agricultural Statistics Service, USDA.

Due to the smaller 1998 pear crop, U.S. fresh pear consumption is estimated to decline 3 percent in 1998/99 from the previous year's 3.5 pounds per person. Imports were higher but were not enough to offset the decline in production. Retail prices from December 1998 through June 1999 averaged 3 percent higher than the same period a year earlier. Another year of reduced production, especially of the other-than Bartlett varieties used mostly for fresh use, will help boost retail pear prices during 1999/2000—likely again to lead to lower consumption of fresh pears.

Increased production of Bartlett pears may lead to lower grower prices for processing pears during the 1999/2000 season. Typically, stocks of Bartlett pears in cold storage are depleted by the end of the marketing season. As of June 30, 1999, Bartlett stocks totaled 3.7 million pounds, compared with zero the same period last year, but 38 percent lower than in 1997. Low processor demand last year, despite the smaller crop, reduced the 1998/99 season-average grower price for processing pears 8 percent from the previous year.

Reduced pear production in 1998 raised imports of fresh pears into the United States during the 1998/99 (July-June) season. Imports totaled 190.5 million pounds, 27 percent more than the previous season. During the same period, U.S. exports of fresh pears fell 16 percent from record levels last year to 305.2 million pounds. The smaller 1998 U.S. pear crop, higher U.S. prices, increased supplies from the European Union (EU), and weakened economies facing Brazil and many Asian countries, all contributed to the decline in U.S. pear exports during 1998/99. Among the principal U.S. markets, the volume of exports fell significantly to the EU (37 percent), Canada (17 percent), Brazil (41 percent), and Taiwan (7 percent), but rose 8 percent to Mexico. Combined shipments to these five important markets made up 87 percent of total exports during 1998/99. Lower U.S. fresh-market supplies this year, along with expectations of higher prices, will again limit U.S. export prospects during 1999/2000.

Lower Production for Most Stone Fruit

The United States expects to harvest more stone fruit (peaches, nectarines, plums, prunes, apricots, and cherries) in 1999 than a year ago. Despite problems with frost and hail in some growing areas around mid-April, adequate chilling hours this past winter and favorable weather conditions during the early stages of crop development are making up for the expected larger crops of stone fruit in California, a major production region. Cool spring weather in California, however, delayed maturity of these fruit crops. USDA's August forecast puts the State's peach, sweet cherry, apricot, and dried prune production in 1999 up 2 percent, 225 percent, 11 percent, and 67 percent from a year ago.

Combined production of prunes and plums from Idaho, Michigan, Oregon, and Washington, usually representing less than 5 percent of the U.S. total, is forecast 2 percent lower in 1999 (table 8). USDA will release its first official estimate for nectarine and plum production in January 2000. Based on estimates from the California Tree Fruit Agreement, total pack out for nectarines and plums for 1999 are up 4 percent and 7 percent from a year ago.

U.S. Peach Crop Rises in 1999 With Robust Grower Prices

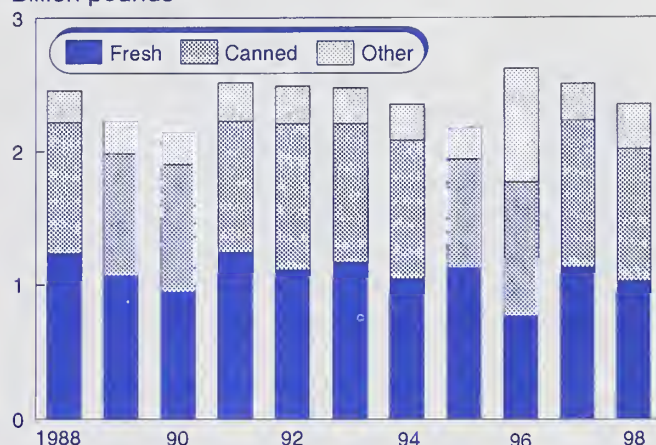
The total U.S. peach crop is forecast at 2.5 billion pounds in 1999, up 3 percent from 1998 (table 9). Excluding California's Clingstone crop which is mostly canned, U.S. peach output reaches 1.4 billion pounds, up 1 percent from a year ago. California's output of Clingstone peaches in 1999 is forecast at 1.1 billion pounds, up 5 percent from the prior year. California Freestone production, on the other hand, is forecast 3 percent lower, at 690 million pounds.

The California Freestone crop developed about 2 to 3 weeks behind normal due to the cool spring weather. An early morning frost and spotty hailstorms also damaged some California orchards in April, affecting the early varieties. Some growers were concerned with quality problems such as split pits and russetting.

Crop prospects improved for the Southeast region in 1999, specifically for South Carolina and Georgia. The peach crop in South Carolina has suffered from hail damage, but losses were not enough to pull down production from a year ago.

Figure 9
U.S. Peach Utilization

Billion pounds



Source: National Agricultural Statistics Service, USDA.

USDA forecast peach production in South Carolina at 160 million pounds, 14 percent more than the prior year. In Georgia, production is expected to total 130 million pounds, up 86 percent from 1998. Although larger this year, the crops in both States are just average in size compared with the last 7 years, excluding 1996 when freezing weather resulted in crop failures. Rains in late April brought relief to peach orchards and helped achieve the larger crops. Recent drought conditions, accompanied by record-breaking hot temperatures in many areas of the eastern United States was a concern but, as of early August, South Carolina's peaches were reported to be in good condition with nearly

Table 8--Plums and prunes: Production and season-average price received by growers in principal States, 1996-98, and indicated 1999 production

State/item	Production				Price		
	1996	1997	1998	1999	1996	1997	1998
	-- Million pounds --				-- Cents per pound --		
California:							
Plums	456	492	374	na	21.0	15.6	26.5
Prunes (fresh basis)	1,408	1,255	659	na	13.1	13.1	13.1
Total California	1,864	1,747	1,033	na			
Prunes (dried basis)	446	428	216	360	42.0	39.9	41.8
Prunes and plums:							
Idaho	10	6	9	6	29.8	25.9	27.7
Michigan	5	8	7	7	16.8	17.4	15.0
Oregon	12	24	21	26	17.7	11.9	13.7
Washington	12	13	14	11	22.4	9.2	11.0
Total four States	39	51	51	50	22.1	13.7	15.6
United States	1,903	1,798	1,084	na			

na= Not available.

Source: National Agricultural Statistics Service, USDA.

Table 9--Peaches: Total production and season-average price received by growers, 1996-98, and indicated 1999 production

State	Production				Price		
	1996	1997	1998	1999	1996	1997	1998
	-- Million pounds --				-- Cents per pound --		
Alabama	1	25	16	20	50.6	30.2	45.6
Arkansas	1	14	13	11	15.5	29.0	32.8
California							
Clingstone	1,093	1,148	1,045	1,100	11.0	13.0	11.0
Freestone	674	739	710	690	21.7	12.2	15.9
Colorado	17	7	20	3	49.6	66.1	48.8
Connecticut	2	2	2	2	55.0	70.0	70.0
Delaware	2	2/	2/	2/	42.5	2/	2/
Georgia	10	160	70	130	33.8	24.3	34.5
Idaho	9	8	9	6	47.0	57.4	43.6
Illinois	2	13	15	18	64.0	40.6	43.3
Indiana	2	3	4	3	47.3	54.5	31.8
Kansas	0	0	1	1	45.0	42.0	47.0
Kentucky	1	1	2	5	62.3	30.0	37.5
Louisiana	0	1	1	1	78.0	45.3	71.0
Maryland	9	10	11	11	40.0	43.0	30.0
Massachusetts	2	2	2	2	55.0	70.0	80.0
Michigan	38	55	43	28	27.0	26.3	27.2
Missouri	3	10	9	8	46.0	35.0	39.6
New Jersey	78	65	70	70	43.7	44.9	44.9
New York	12	12	10	11	34.8	46.1	41.6
North Carolina	2	10	25	30	40.2	35.0	38.0
Ohio	7	6	7	7	46.2	40.0	41.6
Oklahoma	1/	2	20	10	1/	22.4	41.2
Oregon	7	6	8	7	40.7	52.9	31.5
Pennsylvania	70	70	65	68	33.0	33.7	31.7
South Carolina	8	160	140	160	59.1	20.8	26.0
Tennessee	0	4	3	5	67.5	38.0	45.0
Texas	6	20	24	13	74.0	35.0	52.0
Utah	8	8	8	4	32.0	27.0	27.0
Virginia	14	9	14	16	34.0	28.0	30.0
Washington	11	46	51	50	46.4	42.0	34.4
West Virginia	16	11	13	14	36.9	29.3	26.4
United States	2,105	2,625	2,429	2,502	19.1	17.7	18.9

1/ No significant commercial production due to frost damage.

2/ Estimates discontinued in 1997.

Source: National Agricultural Statistics Service, USDA.

three-fourths of the entire crop harvested. At the same time, harvesting in Georgia was almost complete.

In other parts of the United States, the performance of this year's peach crop varied. For example, production is expected to increase 20 percent in North Carolina and 5 percent in Pennsylvania. Production, however, is expected to decline in Michigan (35 percent), New Jersey (7 percent), and Washington (2 percent). Weather problems, such as a January freeze in Michigan, scattered hail affecting some

major orchards in the southern part of New Jersey, and frost in Washington, contributed to reduced production in these three States.

Despite the expected rise in production this year, grower prices for fresh peaches from May through August 1999 averaged 53 percent higher than the same period in 1998 because of delayed harvesting of most noncitrus fruit crops in California, the improved quality and marketing of the crop, and strong domestic and export demand. Total ship-

ments from California through July 31 are still 3 percent behind total shipments during the same period last year, while shipments from Georgia and South Carolina are up 84 percent and 40 percent. During 1998, reduced production raised the season-average grower price 7 percent from a year earlier to 19 cents per pound, with fresh-market prices averaging 5 cents more at 29 cents per pound.

Retail prices for fresh peaches in June and July averaged 1 percent lower than the same time last year. With ample supplies, prices are likely to continue lower. Also, recent hot and humid conditions throughout the eastern United States caused fruit to ripen faster in most orchards and the fruit ended up in the market earlier than usual. The larger, good quality crop, along with lower retail prices, will likely boost consumption of fresh peaches in the United States during 1999/2000. During 1998, consumption declined about 14

percent from a year earlier, given the smaller, poorer quality crop last year, higher prices, and lower imports.

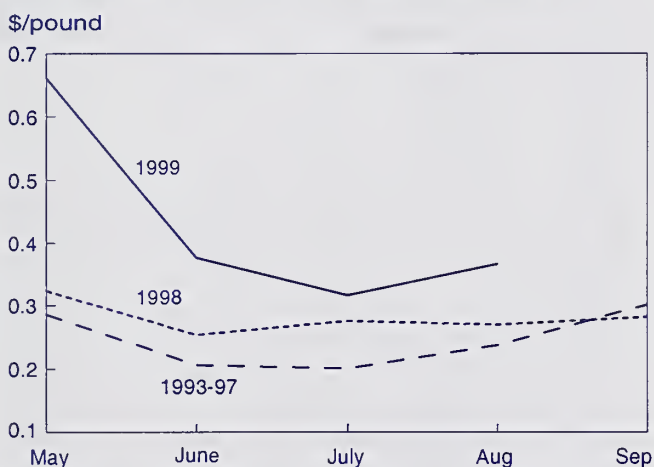
U.S. fresh peach exports (including nectarines) during 1998/99 (May-April) fell 23 percent to 177.7 million pounds. Exports to Canada, Taiwan, and Mexico, which made up over 90 percent of the total volume, declined 22 percent, 32 percent, and 5 percent. About half the export volume goes to Canada, but during the 1990's Taiwan's share has increased from 3 percent of total exports in 1990 to 23 percent in 1998. The larger crop expected for this year, moderate prices, and good quality are likely to raise the prospects for U.S. fresh peach exports during the 1999/2000 marketing season. Exports from May to June 1999 were already up 4 percent from the same period last year.

Apricots Benefit from Favorable Bloom Conditions

The 1999 U.S. apricot crop is forecast at 260 million pounds, 10 percent larger than a year ago (table 10). Increased production in California more than offset expected limited production in Washington and Utah. California dominates apricot production in the United States, with an average 95 percent of all apricots produced during the last 3 years. Generally good weather allowed for a heavy bloom and fruit set, but the cold spring slowed maturity of the crop by about 10 days. California's 1999 apricot crop is forecast to increase 11 percent from a year ago to 250 million pounds. Freezing weather, on the other hand, resulted in a 2-percent smaller crop in Washington and the absence of significant commercial production in Utah.

Apricot prices in 1999 may likely average lower than a year ago due to the larger California crop. During 1998, the season-average grower price for apricots, at 16 cents per pound, fell 2 percent from 1997 despite the decline in overall production. Since more than three-quarters of utilized produc-

Figure 10
U.S. Grower Prices for Fresh Peaches



Source: National Agricultural Statistics Service, USDA.

Table 10--Apricots and nectarines: Total production and season-average price received by growers, 1996-98, and indicated 1999 production

Item and State	Production				Price		
	1996	1997	1998	1999	1996	1997	1998
	-- Million pounds --				-- Cents per pound --		
Apricots--							
California	152	264	226	250	20.2	15.4	15.6
Utah	1	0.3	0.4	1/	43.0	24.6	36.4
Washington	6	14	10	10	71.0	37.6	31.9
United States	159	278	237	260	22.2	16.6	16.4
Nectarines--							
California	494	528	460	na	23.7	18.8	23.6

na = Not available.

1/ No significant production due to frost damage.

Source: National Agricultural Statistics Service, USDA.

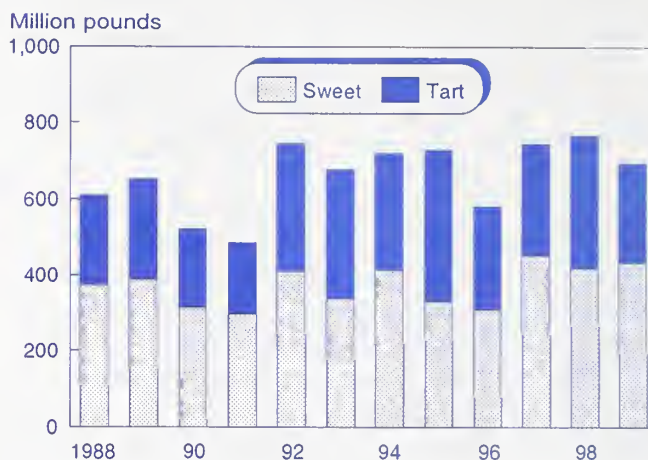
tion is for the processing sector, higher prices for fresh-market apricots could not make up for lower prices growers received for processing apricots. Weak processor demand, particularly for processors of juice and dried apricots, pulled the 1998 average grower price for processing apricots 5 percent below a year earlier. Grower prices for fresh-market apricots in 1998 increased 4 percent to 29 cents per pound.

Larger California Sweet Cherry Crop To Help Boost Exports in 1999

USDA forecast the 1999 U.S. sweet cherry crop at 434 million pounds, up 3 percent from a year ago (table 11). While 4 percent smaller than the record crop in 1997, production this year was above average. Of the nine States surveyed by USDA, production increased only in California, New York, and Pennsylvania. However, a significantly larger crop in California made up for reduced crops in most producing States, including major producers such as Washington, Oregon, and Michigan. A longer than normal winter, followed by heavy rains during pollination, reduced crop expectations in much of the Pacific Northwest. Drought conditions during the fall of 1998 and some frost damage this past spring reduced bud formation in Michigan. Favorable growing conditions and the alternate bearing nature of cherries helped California's crop, accounting for 23 percent of total production, to almost triple last year's 30.8 million pounds. Meanwhile, production in Washington, Oregon, and Michigan declined 17 percent, 4 percent, and 17 percent.

Although overall production was up, good-quality fruit in general, the late start of the California season, and strong export demand may have kept grower prices from falling sharply from last year. In 1998, despite the smaller overall U.S. crop, grower prices averaged 13 percent lower than in 1997, reflecting in part a generally poor-quality crop and poor export performance. Prices averaged lower in all nine States

Figure 11
U.S. Cherry Production



Source: National Agricultural Statistics Service, USDA.

surveyed by USDA, except in California, Montana, and New York. U.S. consumption of fresh sweet cherries fell 4 percent in 1998 from a year earlier, to about 0.58 pound per person. Even with a better crop this year, domestic consumption could remain unchanged from last year if the growth in exports remains strong for the rest of the season.

The much larger, better quality crop in California has already boosted exports in 1999. U.S. cherry exports totaled 46.2 million pounds in May and June, up 46 percent from the same period in 1998. Exports to Japan, the market for a majority of U.S. sweet cherries, rose 89 percent. Last year, a sharply smaller California crop of generally poor quality was partially to blame for a 7-percent decline in exports from 1997. Exports to Japan fell 28 percent, noting its preference for high-quality cherries. During the same year, despite continued financial difficulties in Asia, exports to

Table 11--Sweet cherries: Total production and season-average price received by growers, 1996-98, and indicated 1999 production

State	Production				Price		
	1996	1997	1998	1999	1996	1997	1998
	-- Million pounds --				-- Cents per pound --		
California	49.2	98.4	30.8	100.0	92.5	64.5	78.0
Idaho	4.3	3.2	4.4	2.8	62.5	64.5	53.5
Michigan	44.0	54.0	70.0	58.0	35.5	37.0	28.1
Montana	1.3	2.2	4.1	2.6	71.0	47.7	54.0
New York	1.2	1.3	1.4	1.9	71.0	86.0	103.5
Oregon	64.0	100.0	110.0	106.0	54.5	56.5	43.1
Pennsylvania	1.0	1.0	1.1	1.3	112.0	119.0	116.0
Utah	4.4	1.4	5.6	1.4	56.5	46.0	34.4
Washington	134.0	190.0	192.0	160.0	89.0	71.5	66.5
United States	303.4	451.5	419.4	434.0	73.5	62.5	54.5

Source: National Agricultural Statistics Service, USDA.

Taiwan and Hong Kong increased 32 percent and 18 percent. Over 90 percent of total exports occur from May through July.

Tart Cherry Production Likely Down in 1999

U.S. production of tart cherries is forecast down 26 percent in 1999 from a year ago to 256.8 million pounds, with a sharply smaller crop in Michigan—the leading producer (table 12). Production is forecast down also in Utah (58 percent), Washington (6 percent), Wisconsin (42 percent), and Colorado (54 percent), but higher in New York (36 percent), Pennsylvania (114 percent), and Oregon (43 percent). While Michigan growers in the southern growing areas harvested a large, good quality crop, lower production in the northern-growing areas may be attributed to drought conditions during last year's fall and damage from light frost this past spring. Overall production in Michigan is forecast at 192 million pounds, down 27 percent from a year ago. In Utah, freezing weather this spring reduced bud formation. Expected lower production in both Oregon and Washington stems from the long, cool winter followed by heavy rains during pollination. Cold, wet conditions also hampered pollination in Wisconsin.

A majority of U.S. tart cherries are for processing. During the last 3 years, over 60 percent of total processing use was for freezing. As of May 31, 1999, stocks of frozen tart cherries were running 5 percent higher than a year ago. During the same period in 1998, stocks were 18 percent higher. The smaller increase in stocks this year, along with decreased production, will help put some upward pressure on 1999 grower prices, especially those for processing. However, should the industry decide to release a portion of the reserve stock this year, this could offset some of the upward pressure on prices. In years when inventory reserve cherries are available, such as in 1999/2000, when the expected available supply of tart cherries from the current crop year and the

expected carryin inventory does not fulfill the optimum supply formula under Marketing Order 930, the Cherry Industry Administrative Board is required to release up to 28 million pounds of fruit from the reserve pool to handlers no later than November 1 of the current crop year. Last year, when production increased 18 percent, processing use, at 302.1 million pounds, was up 8 percent. Correspondingly, the season-average grower price for processing tart cherries fell 10 percent, to 14 cents per pound. For tart cherries for freezing, processors paid 14 cents a pound, down 10 percent.

More Strawberries Expected in 1999

Commercial strawberry production in the six major producing States—California, Florida, Oregon, Washington, Michigan, and New Jersey—is forecast at 1.73 billion pounds in 1999, up 5 percent from a year ago (table 13). With increased harvested acreage and higher yields, the forecast for California, the largest producer, is 1.48 billion pounds, up 6 percent from the prior year. The winter strawberry crop in Florida was forecast at 179.8 million pounds, up 12 percent from 1998 as yields increased and harvested acreage remained unchanged. Production in other major spring-strawberry growing States (Michigan, New Jersey, Oregon, and Washington) is expected to total 63.8 million pounds, a 14-percent decline from the previous year. The five-State forecast for total spring strawberry production is up 5 percent from 1998.

Monthly grower prices for fresh-market strawberries declined seasonally from January through July 1999 and averaged 87 cents a pound, compared with 78 cents during the same period in 1998. Retail prices also declined seasonally, and from February through July averaged \$1.68 per 12-ounce pint, about 10 cents higher than the same period a year ago. Less competition from winter fruit supplies, the late start in marketing many domestic summer fruit, and higher export demand helped sustain higher strawberry

Table 12--Tart cherries: Total production and season-average price received by growers, 1996-98, and indicated 1999 production

State	Production				Price		
	1996	1997	1998	1999	1996	1997	1998
	-- Million pounds --				-- Cents per pound --		
Colorado	1.0	0.7	1.3	0.6	47.3	56.0	44.8
Michigan	195.0	225.0	263.0	192.0	16.0	15.6	14.0
New York	19.0	14.5	14.0	19.0	14.4	17.3	18.0
Oregon	2.5	3.7	2.8	4.0	20.6	21.0	12.7
Pennsylvania	7.5	6.5	4.2	5.5	22.7	25.8	19.0
Utah	26.5	17.5	33.0	14.0	12.7	16.0	16.0
Washington	14.2	13.5	14.0	13.2	16.3	10.0	12.0
Wisconsin	6.1	11.5	14.7	8.5	17.8	17.4	10.2
United States	271.8	292.9	347.0	256.8	16.1	15.9	14.3

Source: National Agricultural Statistics Service and Economic Research Service, USDA.

Table 13--Strawberries: Harvested area, yield per acre, and total production, United States, 1994-99

State	1994	1995	1996	1997	1998	1999
-- Acres --						
Harvested area:						
Arkansas	180	180	170	210	180	na
California	23,300	23,600	25,200	22,600	24,200	24,700
Florida	5,800	6,000	6,000	6,100	6,200	6,200
Louisiana	1,100	950	750	450	400	na
Michigan	1,800	1,700	1,500	1,500	1,400	1,300
New Jersey	450	450	450	450	450	450
New York	2,400	2,200	1,900	1,600	1,600	na
North Carolina	2,400	2,400	1,800	1,500	1,600	na
Ohio	1,200	1,100	1,000	950	1,000	na
Oregon	6,100	5,700	5,200	5,000	4,400	3,900
Pennsylvania	1,500	1,400	1,300	1,400	1,200	na
Washington	1,400	1,300	1,300	1,400	1,500	1,500
Wisconsin	1,200	1,100	1,100	1,100	1,100	na
U.S. total	48,830	48,080	47,670	44,260	45,230	na
-- Pounds per acre --						
Yield per acre:						
Arkansas	3,000	6,700	2,100	7,100	4,500	na
California	57,000	55,000	54,000	59,000	58,000	60,000
Florida	29,000	28,000	26,000	29,000	26,000	29,000
Louisiana	14,000	9,500	7,500	11,000	15,000	na
Michigan	5,500	6,000	4,000	6,500	6,800	6,300
New Jersey	3,100	3,400	3,500	4,400	4,400	4,000
New York	4,000	3,500	3,900	4,500	3,800	na
North Carolina	6,500	8,000	9,000	12,000	12,500	na
Ohio	5,100	4,500	3,600	3,600	5,200	na
Oregon	11,500	10,500	9,200	10,000	11,500	10,500
Pennsylvania	4,200	4,600	4,300	4,600	4,200	na
Washington	8,000	8,000	8,100	6,500	8,000	8,500
Wisconsin	5,100	5,000	4,000	5,100	5,500	na
U.S. total	33,800	33,300	34,100	36,500	37,300	na
-- Million pounds --						
Total Production:						
Arkansas	0.5	1.2	0.4	1.5	0.8	na
California	1,328.1	1,298.0	1,360.8	1,333.4	1,403.6	1,482.0
Florida	168.2	168.0	156.0	176.9	161.2	179.8
Louisiana	15.4	9.0	5.6	5.0	6.0	na
Michigan	9.9	10.2	6.0	9.8	9.5	8.2
New Jersey	1.4	1.5	1.6	2.0	2.0	1.8
New York	9.6	7.7	7.4	6.7	6.1	na
North Carolina	15.6	19.2	16.2	18.0	20.0	na
Ohio	6.1	5.0	3.6	3.4	5.2	na
Oregon	70.2	59.9	47.8	50.0	50.6	41.0
Pennsylvania	6.3	6.4	5.6	6.4	5.0	na
Washington	11.2	10.4	10.5	9.1	12.0	12.8
Wisconsin	6.1	5.5	4.4	5.6	6.1	na
U.S. total	1,648.6	16,020.0	1,625.9	1,627.8	1,688.1	na

na = Not available.

Source: National Agricultural Statistics Service, USDA.

prices thus far compared with a year ago. Along with the larger crop, imports have been up so far to meet strong domestic demand—indicating an increase in fresh strawberry consumption in 1999. U.S. fresh strawberry consumption is estimated to increase 5 percent in 1999 from last year's 4.12 pounds per person.

Grower prices for processing strawberries are likely to average lower than last year. NASS reported stocks of frozen strawberries as of June 30, 1999, to be 365.6 million pounds, 6 percent higher than the same period a year ago. As of August 7, 1999, season-to-date deliveries of California grade-1 freezer berries to processors were up 16 percent according to the Processing Strawberry Advisory Board of California. At the same time, juice berries totaled 94.5 million pounds, up fractionally over the same time last year.

U.S. fresh strawberry imports are expected to increase for the second consecutive year in 1999. While domestic shipments were up from last year (table 14), strong domestic and international demand helped raise imports thus far for the year. According to the U.S. Bureau of Census, imports of fresh strawberries during the first 6 months of 1999 totaled 86.3 million pounds, up 67 percent from the same period a year ago and already 48 percent more than last year's annual total. Virtually all imports during this period came from Mexico. According to USDA's Foreign Agricultural Service (FAS) attache report, more normal weather conditions during the marketing year 1998/99 (August-July) increased potential crop size in Mexico. Strawberry production in Mexico is forecast to be 33 percent higher than in 1997/98, when El Niño-induced frosts significantly reduced berry production. Similar to fresh shipments, imports of frozen strawberries during the first 6

months of 1999 also rose sharply from a year earlier to 77.2 million pounds—surpassing last year's annual import total of 54.2 million pounds. During 1998, imports of fresh strawberries increased 82 percent from a year earlier, while imports of frozen strawberries declined 13 percent.

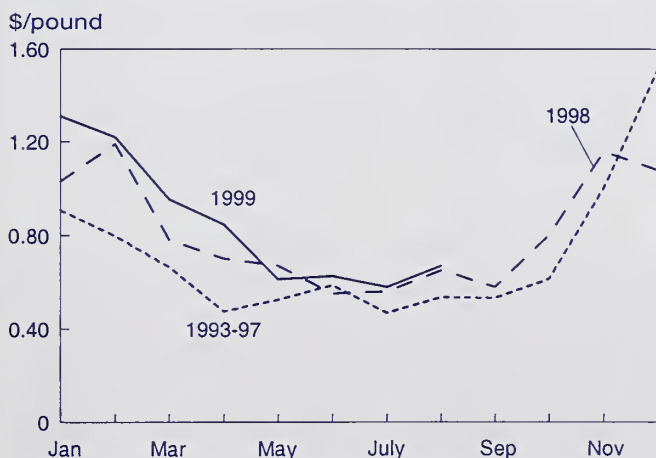
U.S. fresh strawberry exports were up 15 percent during the first 6 months of 1999 than a year ago. Fresh shipments increased to major markets such as Canada (18 percent) and Mexico (83 percent), but declined to the United Kingdom (48 percent) and to Japan (25 percent). During the same period, exports of frozen strawberries were up 2 percent, mostly reflecting sharply larger shipments to Canada and Australia. During 1998, U.S. exports of fresh strawberries declined 6 percent from a year earlier to 109.3 million pounds. Exports of frozen strawberries, on the other hand, climbed 26 percent to 59.6 million pounds.

Blueberry Production Expected Up in 1999

The National Agricultural Statistics Service (NASS) will report its first official estimate of U.S. cultivated blueberry production for 1999 in January 2000. Based on preliminary crop indications reported by the North American Blueberry Council (NABC) as of August 4, 1999, the Economic Research Service estimates the 1999 U.S. cultivated blueberry crop to be up 5 percent from last year's 152.7 million pounds (table 15). Production appears to be down in a number of States, including major producers such as New Jersey, Oregon, North Carolina, and Washington. However, production in Michigan, the largest producer, is up 29 percent from a year ago to 63 million pounds, but is off 12 percent from 1997. As the mild winter and favorable spring weather benefited the Michigan crop, warm weather conditions pushed production about 3 weeks early. Michigan's domestic shipments from May through July were 8 percent ahead of the same period a year ago (table 16). Blueberry growers in New Jersey also harvested a good-quality crop this year, but production there is estimated to be down 5 percent. In Oregon and Washington, cold weather during the spring lowered yields and delayed crop development about 2 weeks. Production is estimated to be down 4 percent in Oregon and 18 percent in Washington compared with a year ago. Rain and hot weather in Georgia have yielded some soft blueberries, but production is still expected to be up 13 percent from a year ago.

Preliminary estimates from the NABC suggest fresh use in 1999 was down 6 percent from a year ago, while processing use was up 13 percent. Fresh use was estimated to be down in all blueberry-producing States except Michigan (up 31 percent), Georgia (up 7 percent) and Washington (unchanged). Fresh use in New Jersey, accounting for over a third of total fresh-market supplies, was estimated to be

Figure 12
U.S. Grower Prices for Fresh Strawberries



Source: National Agricultural Statistics Service, USDA.

Table 14--Fresh strawberry shipments in the United States, monthly, by source, 1994-99

Source/year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Annual
Million pounds													
California													
1994	13.7	20.1	68.7	172.8	177.3	138.7	108.3	90.4	69.8	40.6	8.2	0.8	909.4
1995	0.6	17.2	46.8	149.7	159.5	145.0	114.1	77.8	70.3	46.7	11.3	1.4	840.4
1996	19.2	26.9	71.4	209.7	175.3	115.3	112.3	79.2	54.2	51.2	8.5	1.6	924.8
1997	7.2	24.8	101.4	184.8	195.5	104.1	94.0	76.9	48.1	36.7	14.3	1.9	889.9
1998	14.0	6.5	58.9	163.7	157.7	156.6	124.4	71.5	62.9	37.3	9.5	2.2	865.2
1999	6.8	16.6	70.0	141.8	202.3	196.4	117.7						
Florida													
1994	7.5	13.2	33.0	2.8	--	--	--	--	--	--	0.4	3.0	59.9
1995	4.7	5.4	23.0	4.1	--	--	--	--	--	--	0.1	5.1	42.4
1996	7.4	9.2	35.6	8.1	0.1	--	--	--	--	--	0.5	10.5	71.4
1997	21.2	46.8	33.1	0.2	--	--	--	--	--	--	0.3	10.5	112.1
1998	18.0	28.0	34.7	10.2	--	--	--	--	--	--	1.9	16.4	109.2
1999	22.7	19.5	51.7	5.5	--	--	--						
Mexico													
1994	3.2	3.4	11.6	12.8	5.5	4.5	0.2	--	--	0.1	0.8	1.9	28.0
1995	3.2	5.3	12.3	11.6	11.5	8.4	0.7	--	--	0.1	0.8	1.5	44.0
1996	5.2	7.7	13.4	21.4	11.4	1.7	--	--	--	--	0.9	2.2	55.4
1997	4.6	6.0	14.1	3.3	0.3	--	--	--	--	--	0.5	1.6	63.9
1998	4.7	6.3	11.3	13.9	8.3	7.7	2.2				1.0	1.4	56.8
1999	3.8	7.3	18.5	23.0	23.7	17.9	2.9						
Total													
1994	24.4	36.7	113.3	188.4	182.8	143.2	108.5	90.4	69.8	40.7	9.4	5.7	1,013.3
1995	8.5	27.9	82.1	165.4	171.0	153.4	114.8	77.8	70.3	46.8	12.2	8.0	938.2
1996	31.8	43.8	120.4	239.2	186.8	117.0	112.3	79.2	54.2	51.2	9.9	14.3	1,060.1
1997 1/	33.0	77.6	148.6	188.5	196.2	104.1	94.2	76.9	48.1	36.7	15.5	14.9	1,034.5
1998 1/	36.7	40.8	104.9	187.9	166.6	164.4	126.6	71.5	62.9	37.4	13.6	20.6	1,033.9
1999	33.3	43.4	140.2	170.7	227.1	214.4	120.6						

-- = No shipments reported.

1/ Total includes small volume shipments from North Carolina during April and May and import shipments from New Zealand during November and December.

Source: Agricultural Marketing Service, USDA.

Table 15--North American blueberry production, 1995-99

State or Province	1995	1996	1997	1998	1999F
Million pounds					
Cultivated:					
Michigan	67.0	42.0	72.0	49.0	63.0
New Jersey	36.0	35.0	35.0	37.0	35.0
British Columbia	30.9	37.1	22.3	34.1	26.0
Oregon	14.0	17.0	21.0	23.0	22.0
North Carolina	14.4	12.0	8.6	15.0	12.7
Washington	6.6	8.7	8.7	10.7	8.8
Georgia	14.0	6.0	14.0	9.0	10.2
Other	12.3	9.0	11.0	9.0	8.2
Total	195.1	166.8	192.6	186.8	185.9
U.S.	164.3	129.7	170.3	152.7	159.9
Wild:					
Maine	65.9	59.2	73.8	63.0	71.0
Quebec	16.3	23.1	31.3	3.3	na
Nova Scotia	30.2	29.6	22.9	22.7	na
New Brunswick	9.0	11.5	8.8	11.9	na
Newfoundland and Prince Edward Island	1.5	2.5	1.2	2.3	na
	1.6	2.2	2.8	2.4	na
Total	124.5	128.2	140.7	105.6	na
Total U.S.	230.2	188.9	244.1	215.7	na

F = Forecast for cultivated varieties from the Economic Research Service, USDA based on crop indications from North American Blueberry Council. Forecast for wild varieties from New England Agricultural Statistics Service.

na = Not available.

Sources: National Agricultural Statistics Service, USDA and the North American Blueberry Council (Canada).

Table 16--U.S. blueberry shipments, monthly, 1994-99

Source/year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Million pounds													
All 1/													
1994	0.3	0.3	0.1	0.8	6.7	12.5	24.7	23.6	1.7	0.1	--	0.2	71.1
1995	0.7	0.2	0.2	0.2	6.5	12.2	32.7	23.1	2.6	0.1	--	0.3	78.8
1996	0.8	0.6	0.4	0.1	3.2	13.5	23.0	20.1	4.4	0.6	0.2	0.5	67.4
1997	1.0	0.6	0.3	0.7	5.8	8.1	24.3	19.3	6.0	1.4	0.1	0.7	68.5
1998	1.1	0.9	0.5	0.7	7.0	17.7	30.7	15.6	2.2	0.4	0.5	0.7	78.0
1999	2.4	2.1	0.4	0.3	2.4	22.1	38.5						
Florida													
1994	--	--	--	0.8	1.0	--	--	--	--	--	--	--	1.8
1995	--	--	--	0.2	1.2	0.1	--	--	--	--	--	--	1.5
1996	--	--	--	0.1	0.7	0.5	--	--	--	--	--	--	1.3
1997	--	--	--	0.6	1.0	0.1	--	--	--	--	--	--	1.7
1998	--	--	--	0.6	1.0	--	--	--	--	--	--	--	1.6
1999	--	--	--	0.2	0.6	--	--						
North Carolina													
1994	--	--	--	--	6.8	7.6	0.5	--	--	--	--	--	13.9
1995	--	--	--	--	5.3	7.0	0.4	--	--	--	--	--	12.7
1996	--	--	--	--	2.5	8.1	0.3	--	--	--	--	--	10.9
1997	--	--	--	--	4.8	3.7	--	--	--	--	--	--	8.6
1998	--	--	--	--	5.7	5.5	--	--	--	--	--	--	11.2
1999	--	--	--	--	1.8	9.3	--						
New Jersey													
1994	--	--	--	--	--	4.9	15.1	1.1	--	--	--	--	21.1
1995	--	--	--	--	--	4.9	21.0	2.4	--	--	--	--	28.3
1996	--	--	--	--	--	4.9	16.8	0.4	--	--	--	--	22.1
1997	--	--	--	--	--	4.3	17.3	0.5	--	--	--	--	22.1
1998	--	--	--	--	0.3	11.6	16.7	--	--	--	--	--	28.6
1999	--	--	--	--	--	11.8	19.1						
Michigan													
1994	--	--	--	--	--	--	6.6	7.2	1.4	--	--	--	15.2
1995	--	--	--	--	--	--	6.4	9.1	1.4	--	--	--	16.9
1996	--	--	--	--	--	--	4.4	7.8	2.6	0.3	--	--	15.1
1997	--	--	--	--	--	--	4.4	9.8	3.6	1.2	--	--	19.0
1998	--	--	--	--	--	0.5	10.2	4.7	1.6	--	--	--	28.6
1999	--	--	--	--	--	1.0	10.6						

-- = No shipments reported.

1/ Includes imports from Canada, Chile, and New Zealand.

Source: Agricultural Marketing Service, USDA.

down 8 percent. Limited supplies, along with strong domestic demand, will likely keep fresh-market blueberry prices above last year. According to NASS, fresh use in 1998 was up 8 percent, forcing grower prices for fresh-market blueberries to slip 12 percent below the previous year to 98 cents per pound (table 17).

Processors, on the other hand, are likely to pay cheaper prices for processing blueberries in 1999 than a year earlier. However, significantly lower stocks of frozen blueberries in cold storage will likely help ease the downward pressure on prices. USDA reported U.S. stocks of frozen blueberries (wild and cultivated combined) on January 1, 1999, to be 23 percent lower than the same period a year ago and 9 percent below the 1996-98 average. During 1998, sharply higher

carryover stocks offset the decline in the quantity of last year's crop used for processing, pushing grower prices for processing blueberries 25 percent lower than the 1997 average to 48 cents per pound.

Even with production declines in the Pacific Northwest, significant increases in processing use in Michigan, Oregon, and Georgia, along with a good wild blueberry crop in Maine, are mainly responsible for the increase in processing use this year. Processing of Michigan blueberries, representing over 65 percent of the State's total utilized output, was at its peak in early August due to early crop maturity. Michigan is expected to provide 47 percent of all domestic-grown blueberries for processing in 1999, up from a 45-percent share in 1998.

Table 17--Blueberry prices received by growers, 1996-98

Use and State	1996	1997	1998
Cents per pound			
All Uses:			
Michigan	86.5	69.5	61.8
New Jersey	97.1	99.9	78.8
North Carolina	101.0	117.0	91.3
Oregon	75.0	73.3	50.2
Washington	68.9	89.2	62.5
U.S. average	90.7	83.1	72.5
Fresh:			
Michigan	100.0	98.8	86.0
New Jersey	100.0	102.0	87.0
North Carolina	109.0	135.0	109.0
Oregon	92.5	87.5	72.0
Washington	89.0	167.0	103.0
U.S. average	106.0	110.0	96.7
Processed:			
Michigan	79.0	59.0	50.0
New Jersey	91.0	95.0	50.0
North Carolina	67.0	59.0	35.0
Oregon	65.5	67.0	38.5
Washington	64.0	66.0	53.0
U.S. average	75.6	64.0	47.7

Source: National Agricultural Statistics Service, USDA.

Based on crop conditions reported by growers through mid-July, the New England Agricultural Statistics Service forecasts wild blueberry production in Maine, mostly used for processing, at 71 million pounds in 1999, 13 percent above 1998. Crop development was averaging 10-14 days early as of mid-June due to warm conditions during the winter and spring. In addition, a good bloom and favorable pollinating conditions contributed to a heavy fruit set. Disease problems were mostly minimal given the dry weather that has persisted since spring, and berry size and quality were reported to be good through mid-July. Relief from the drought, however, was needed to assure grower expectations of a full crop this year. As of the second week of August, about 65 percent of

the crop had been harvested, compared with 60 percent last year and the 45-percent average during the past 5 years.

U.S. imports of frozen blueberries during 1999 will likely be down compared with a year ago given the expected increase in U.S. production for processing use and the smaller crop in Canada, the source of nearly all U.S. fresh and frozen blueberry imports. Based on preliminary indications provided by NABC, the 1999 cultivated blueberry crop in Canada is expected to be 24 percent smaller than a year ago. Frozen blueberry imports from January through June totaled 11.7 million pounds, 4 percent lower than a year earlier. Meanwhile, U.S. fresh imports during the first 6 months of 1999 totaled 3.8 million pounds, 41 percent more than a year earlier.

Cumulative U.S. exports of frozen blueberries from January through June 1999 totaled 10.3 million pounds, down 7 percent from a year earlier, while exports of fresh blueberries declined fractionally to 3 million pounds. During 1998, reduced production limited exports of fresh blueberries, but high carryover stocks helped meet export demand for frozen blueberries. Exports of frozen blueberries during 1998 increased 25 percent from the previous year, while fresh blueberries declined 13 percent. Combined shipments to Canada, Japan, and Germany accounted for 93 percent of all U.S. frozen blueberry exports. Frozen exports were up significantly to these major markets, except to Germany where shipments were down 49 percent. Meanwhile, fresh exports to Canada in 1998 made up 65 percent of total fresh shipments, and the volume was down 24 percent. A boost in exports to Japan made it the second largest market for U.S. fresh blueberries in 1998, surpassing the United Kingdom.

Kiwifruit Imports To Continue To Rise

The United States is a net importer of kiwifruit. Over the last 5 years, the United States imported an average of 80-million pounds of fresh kiwifruit, while exports ranged from 12

Table 18--U.S. imports of fresh kiwifruit, by country, (October-September) 1993/94-1998/99

Sources	1993/94	1994/95	1995/96	1996/97	1997/98	1997/98 (October-May)	1998/99 (October-May)
1,000 pounds							
Chile	54,743	73,916	69,108	64,490	59,483	37,171	38,430
Italy	2,312	907	4,095	14,729	4,298	4,298	8,783
New Zealand	7,527	5,770	8,723	5,663	27,796	450	12,792
Other countries	91	3	309	528	986	887	1,581
World	64,673	80,596	82,235	83,070	92,563	42,806	61,586

Source: Bureau of the Census, U.S. Department of Commerce.

million to 21 million pounds. Imports have risen from 64.7 million pounds in 1993/94 (October-September) to 92.6 million pounds in 1997/98 (table 18). Cumulative imports during 1998/99 thus far (October-June) totaled 77.8 million pounds, already up 38 percent from the same time last year, reflecting increased shipments from major suppliers. While the volume of shipments from Chile, up 6 percent, remained the largest, shipments from New Zealand were up sharply (358 percent). Since 1992, the margin on a 98.6-percent antidumping duty imposed on New Zealand kiwifruit entering the U.S. market has been reduced several times and last year it was set to zero.

New Zealand surpassed Italy as the second-largest supplier of fresh kiwifruit to the United States during 1998/99. Recent agreements between the California Kiwifruit Commission (CMC) and the Kiwifruit New Zealand (KNZ) will likely aid in continuing the upward trend in U.S. fresh kiwifruit imports in the coming years. On July 21, 1999, the CMC and the KNZ announced their agreement to collaborate on efforts to cancel the 8-year antidumping order against New Zealand kiwifruit. Both grower associations also agreed to jointly conduct generic market promotions to improve and increase year-round availability of kiwifruit in the United States. Kiwifruit imports from New Zealand usually enter the United States during the spring and summer, while domestic-grown supplies are available during the fall and winter.

The California Kiwifruit Commission reported total 1998/99 shipments were nearly unchanged from the previous year, with domestic shipments down 10 percent, while export shipments were up 80 percent. Based on export data from the U.S. Bureau of Census, cumulative exports from October 1998 to June 1999 totaled 15.3 million pounds, up 28 percent from the same period a year earlier. Although exports fell 25 percent to Canada, the largest market, shipments to major markets such as Japan and Mexico rose sharply. According to FAS, it was the first time after many years that the United States shipped kiwifruit to Australia, Hong Kong, Taiwan, and New Zealand. Combined exports to these markets accounted for 27 percent of total U.S. fresh kiwifruit exports from October 1998 to June 1999.

Virtually all U.S. kiwifruit is grown in California. California produced 73.2 million pounds of kiwifruit in the fall of 1998, 5 percent more than the year before (table 19). Even with the rise in production, increased availability of large-size fruit with good quality and robust export demand brought average grower prices up 44 percent to 37.2 cents a pound (\$744 per ton) and the value of production reached a record \$24.5 million, up 49 percent from 1997.

Table 19--California kiwifruit: Acreage, production, and value, 1993-98

Year	Bearing	Total	Price 1/ Cents per pound	Value 2/ 1,000 dollars
	acreage	production		
	Acres	Million pounds		
1993	6,900	98.4	18.5	16,502
1994	6,500	78.8	24.6	18,413
1995	6,100	75.6	23.0	15,434
1996	5,700	63.0	23.5	13,157
1997	5,300	70.0	25.9	16,483
1998	5,300	73.2	37.2	24,544

1/ Season-average grower price. 2/ Value is based on utilized production.

Source: National Agricultural Statistics Service, USDA.

Cranberry Prices Likely To Continue To Decline

U.S. cranberry production is expected to set a record in 1999. USDA's August forecast of the 1999 U.S. cranberry crop totaled 581 million pounds, 6 percent larger than both the crop of a year ago and the record crop of 1997 (table 20). Larger crops are expected in Wisconsin (up 2 percent), Massachusetts (up 12 percent), New Jersey (up 11 percent), and Oregon (up 4 percent).

The cranberry crops in Wisconsin, Massachusetts, and New Jersey did not suffer much from winter damage due to the mild winter this year. Favorable conditions also prevailed during the spring, aiding in the pollination process and allowing for good to excellent berry set. While rainy weather during the month of July was welcomed by Wisconsin growers, concern about fruit rot due to excessive moisture was also raised. Meanwhile, insect and weed problems have been reported in Washington where production is expected 5 percent lower. In addition, below-average temperatures extending through the spring delayed crop maturity in the Pacific Northwest and limited pollination, particularly in Washington.

Grower prices for cranberries will likely continue to fall during the 1999/2000 season, mirroring last year's scenario. During 1998, while the U.S. cranberry crop was fractionally smaller than the bumper crop in 1997, production was still above average. This, combined with large carryover inventories from the 1997 crop, forced down the 1998 season-average grower price to a level lower than any season-average price received since the mid-1980's. At 41.6 cents per pound, the average grower price in 1998 was down 35 percent from the previous year. Unless the current oversupply situation is resolved, prices are likely to continue to fall in the next few years. According to industry sources, large cranberry inventories continue to grow, and harvested acreage in the United States, which is up 5 percent this year

Table 20--Cranberries: Total production and season-average prices received by growers, 1996-98, and indicated 1999 production

State	Production				Price		
	1996	1997	1998	1999	1996	1997	1998
	-- Million pounds --				-- Cents per pound --		
Massachusetts	172	210	187	210	70.9	66.2	37.5
New Jersey	47	58	52	58	61.8	56.6	33.4
Oregon	31	35	36	37	60.5	55.7	32.1
Washington	18	17	17	16	61.0	55.7	32.1
Wisconsin	199	230	254	260	63.8	65.0	48.2
United States	467	550	546	581	65.9	63.7	41.6

Source: National Agricultural Statistics Service, USDA.

from 1998's 36,600 acres, is projected to increase to about 42,529 acres by 2002.

Higher Imports Help Moderate Banana Prices

Banana supplies in the United States were at a record-high in 1998 due to increased imports. Almost all bananas are imported from Central and South America, with Hawaiian production averaging less than 1 percent of total supplies. As a result of increased imports, per capita banana consumption rose from 27.7 pounds in 1997 to a record 28.7 pounds in 1998.

During 1998, the United States imported 8.6 billion pounds of bananas, up 4 percent from the previous year (table 21). More than half of the imports were from Costa Rica and Ecuador. From January through June 1999, shipments from these two major suppliers increased 54 percent and 12 percent from the same period in 1998, but total U.S. banana imports were up only 5 percent. Serious damage to banana plantations in Honduras and Guatemala, due to Hurricane Mitch in November 1998, resulted in sharply reduced imports from these two suppliers. In the past, they supplied about 30 percent of the U.S. fresh banana market. So far this year, the other important suppliers that helped fill in supply shortages from these two countries, besides Costa Rica and Ecuador, were Colombia and Panama, shipping 82 percent and 2,248 percent more bananas to the United States.

Banana prices are usually highest between March and May, dropping as U.S. summer fruit become available and remaining seasonally low from August through January. Despite slightly higher banana imports thus far in 1999, banana retail prices remained nearly unchanged from a year ago during the first 6 months of this year. With sharply reduced supplies of citrus, banana prices held strong despite increased fresh fruit imports (excluding bananas). Prices declined seasonally beginning in February, but rose again in May and June, likely due to the late start of many summer noncitrus fruits this year. Banana prices dipped again in July, falling 2 percent below the June average and 7 percent lower than the July 1998 average. Barring any weather problems with major foreign suppliers, prices are likely to continue lower for the remainder of the year.

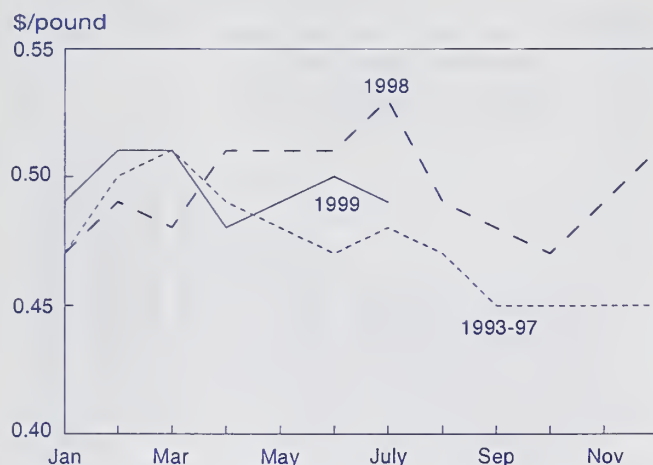
Hawaii's banana production reached a record-high in 1998, increasing 53 percent from a year earlier to 21 million pounds. Most of the growth was in the Cavendish variety, the major variety produced in Hawaii. With an 80-percent increase in harvested acreage, Cavendish production totaled 16.6 million pounds in 1998, up 71 percent from a year earlier. Hawaiian banana growers received an average of 35 cents a pound for all varieties of local bananas, 3 cents below the average in 1997. The bumper crop in 1998, however, offset lower prices, and the total value of the banana crop was \$7.4 million, \$2.1 million more than in 1997.

Table 21--U.S. imports of fresh bananas, excluding plantains, by country, 1990-98

Year	Costa Rica	Ecuador	Honduras	Colombia	Guatemala	Panama	Mexico	Other	World
	Million pounds								
1990	1,260.1	2,518.0	1,070.6	787.7	733.5	101.7	334.7	15.2	6,821.4
1991	1,513.1	2,458.1	917.8	1,000.8	649.8	80.4	475.0	23.8	7,118.8
1992	2,104.3	1,975.9	905.4	917.2	842.8	81.7	873.1	84.7	7,785.0
1993	2,033.8	1,678.5	940.6	1,314.7	832.9	169.3	679.8	95.6	7,745.2
1994	2,154.1	1,732.6	1,096.2	1,387.8	969.9	342.2	422.6	38.4	8,143.8
1995	2,112.3	2,053.7	1,284.7	969.1	1,021.5	279.9	343.2	13.0	8,077.3
1996	2,138.5	1,871.2	1,410.1	841.2	1,113.6	580.4	312.3	59.5	8,326.8
1997	2,103.3	1,925.1	1,243.3	1,027.7	1,020.0	473.5	446.1	78.3	8,317.4
1998	2,405.2	2,381.3	831.2	915.2	1,443.2	11.9	486.3	153.1	8,627.4

Source: Bureau of the Census, U.S. Department of Commerce.

Figure 13
Bananas: Retail Prices



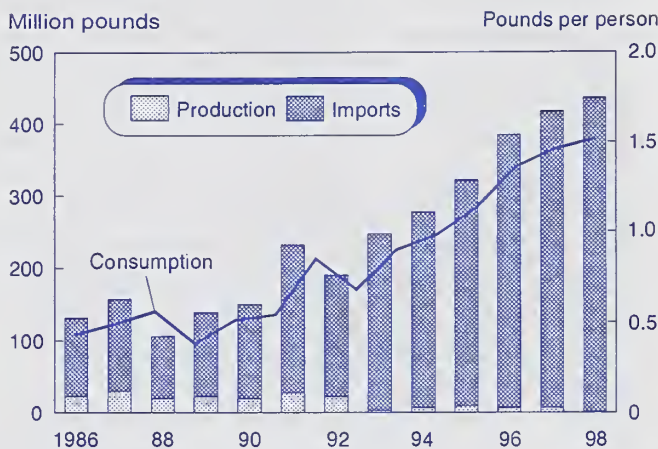
Source: Bureau of Labor and Statistics.

Production during the first 6 months of 1999 totaled 11.5 million pounds, up 37 percent from the same period a year ago. This was a result of increased plantings in recent years, particularly in Hawaii and Oahu.

Mango Consumption Sets A Record in 1998

Mango imports, mainly from Mexico, provided about 99 percent of total U.S. mango supplies in the last 5 years. The growing popularity of fresh mangoes in the United States is reflected in the rising trend in consumption throughout the nineties. U.S. fresh mango imports during 1998 rose for the sixth consecutive year to 446.2 million pounds, up 6 percent from the previous year (table 22). Imports from Mexico increased 3 percent to 365.7 million pounds. Increased imports brought U.S. consumption estimates for 1998 to a

Figure 14
U.S. Fresh Mango Supply and Consumption



Sources: National Agricultural Statistics Service and Economic Research Service, USDA.

record 1.52 pounds per person, up 4 percent from the previous record in 1997.

Despite weather problems earlier in the year, heavy volume and good-quality fruit are expected from this year's Mexican mango crop. U.S. imports of Mexican mangoes during the first 6 months of 1999 were already 3 percent higher than the same period a year ago. Increased shipments from Mexico could lead to another record-breaking year for per capita mango consumption in the United States. The Mexican shipping season usually begins in February and lasts through August, with June or July as the busiest months.

Because commercial shipments were very limited, the Florida Agricultural Statistics Service did not report any data on the domestic (Florida) mango crop during 1998, except for bearing acreage and the number of bearing trees.

Table 22--U.S. imports of fresh mangoes, by country, 1990-98

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998
1,000 pounds									
Mexico	112,289	168,618	151,082	211,134	241,037	256,303	311,682	354,416	365,659
Guatemala	0	32	0	1,395	5,260	12,830	15,217	15,976	22,774
Haiti	17,217	29,922	611	18,445	8,418	22,078	18,181	22,872	15,763
Brazil	370	2,281	3,769	6,972	4,860	6,516	10,773	11,950	15,562
Ecuador	0	290	825	731	1,933	3,285	8,647	1,936	12,113
Peru	0	482	6,696	6,060	7,864	8,506	9,897	7,378	8,007
Nicaragua	0	0	0	0	395	1,650	2,081	1,708	3,236
Venezuela	0	1,638	5,830	6,260	7,407	4,616	5,138	1,054	1,174
Costa Rica	0	41	49	85	184	145	968	1,647	1,046
Dominican Republic	199	335	185	302	381	288	307	562	569
Other countries	264	393	187	322	237	371	329	285	263
World	130,340	204,031	169,236	251,705	277,976	316,588	383,218	419,784	446,166

Source: Bureau of the Census, U.S. Department of Commerce.

Bearing acreage (with trees 4 years or older) totaled 1,400 acres, unchanged from 1997, but contained 3,000 fewer bearing trees. The number of bearing trees totaled 139,000 trees in 1998, declining for the third consecutive year. Ample imports more than made up for the absence of domestic production in 1998, since Florida mangoes only account for a miniscule share of total fresh mango supplies.

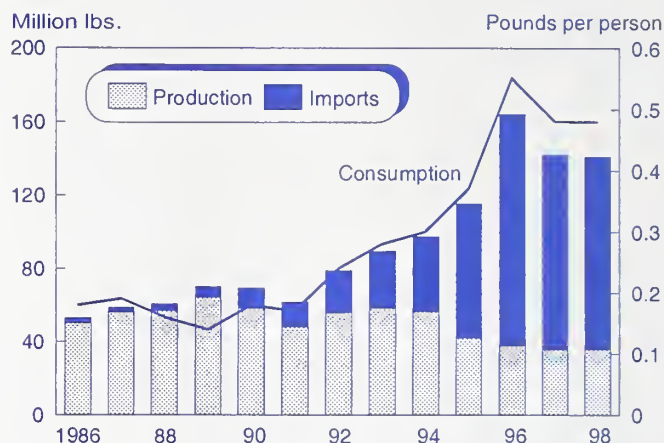
Papaya Consumption Unchanged in 1998

Americans consumed the same amount of fresh papayas in 1998 as in the prior year, at 0.48 pound per person, the second highest on record. Consumption reached a record in 1996, at 0.55 pound per person, when imports were at an all-time high. While both fresh utilization of the 1998 domestic (Hawaiian) crop and imports were down fractionally from a year earlier, lower exports (down 8 percent) and a steady rate of population growth (at less than 1 percent) held domestic consumption unchanged from 1997.

Imports have grown in importance in the U.S. fresh papaya industry over the last 24 years, with its share of total supplies rising from an average 2-percent during the mid-to-late 1970's to an average 76-percent in the last 3 years. The United States has remained a net importer of fresh papayas since 1992. While Mexico continues to supply a majority of the fresh imports, significant increases in imports from countries like Belize, Jamaica, Costa Rica, and the Dominican Republic, particularly since 1992, help explain the rising trend in fresh papaya supplies in the United States. Imports, however, declined during the last 2 years due mostly to smaller shipments from Mexico. During 1998, imports declined fractionally from a year earlier to 105.6 million pounds (table 23). However, the value of papaya imports totaled \$25.0 million, a 1-percent increase from 1997.

Utilized production of Hawaiian papayas was estimated at 39.9 million pounds in 1998, up 3 percent from the prior year but 22 percent below the 5-year production average.

Figure 15
U.S. Fresh Papaya Supply and Consumption



Sources: National Agricultural Statistics Service and Economic Research Service, USDA.

Although harvested area, at 2,120 acres, increased 7 percent last year, the papaya ring spot virus continued to lower yields in infected orchards. In addition, dry conditions earlier in the year have resulted in heavy flower drop in some orchards of the Big Island, which also resulted in generally smaller-sized fruit, particularly in nonirrigated orchards. Although the overall domestic (Hawaiian) crop was slightly larger last year, fresh utilization declined fractionally, to 35.6 million pounds, while processed utilization increased 39 percent to 4.3 million pounds. Grower prices for fresh-market papayas fell 18 cents per pound between 1997 and 1998 to 35 cents. Prices for processing papayas were unchanged. The overall papaya price averaged 31.6 cents per pound, down 17 cents from 1997. The slight increase in last year's overall production was not sufficient to offset the decline in fresh-market prices, lowering the value of production to \$12.6 million, down 34 percent from a year earlier.

Hawaii's papaya production was above year-earlier levels through most of the first half of 1999. During March, how-

Table 23--U.S. imports of fresh papayas, by country, 1990-98

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998
1,000 pounds									
Mexico	6,522	8,927	18,615	21,533	32,996	67,156	110,661	88,233	87,438
Belize	873	82	1,347	4,297	3,962	1,438	5,347	7,971	9,397
Jamaica	96	720	2,324	4,509	2,588	3,462	5,244	4,582	4,562
Costa Rica	0	9	4	11	796	19	2,134	3,164	1,848
Dominican Republic	82	521	768	683	783	1,251	2,517	2,122	1,152
Brazil	0	0	0	7	0	0	0	19	1,102
Other countries	3,911	3,119	36	260	52	62	192	174	121
World	11,483	13,378	23,094	31,301	41,176	73,388	126,095	106,264	105,620

Source: Bureau of the Census, U.S. Department of Commerce.

ever, problems with the ring spot virus reduced yields, while in April, heavy rains and cloudy skies interrupted farm activities and slowed fruit development. Production during these 2 months dropped below a year ago. Year-to-date fresh papaya sales (from the domestic crop) totaled 15.1 million pounds as of May 1999, up 2 percent from the same period a year ago. Because more papayas had gone to fresh use so far this year, grower prices for fresh papayas during January through May averaged 42 cents a pound, down nearly 2 cents from the same period a year ago. As new plantings, mostly of the ring spot resistant variety, come into production, yield prospects are likely to improve in the coming years. The Hawaii Agricultural Statistics Service had reported that as of March 1999, total acreage devoted to papaya production increased 17 percent from March 1998 to 3,735 acres. Of this area, 2,110 acres are bearing, unchanged from last year.

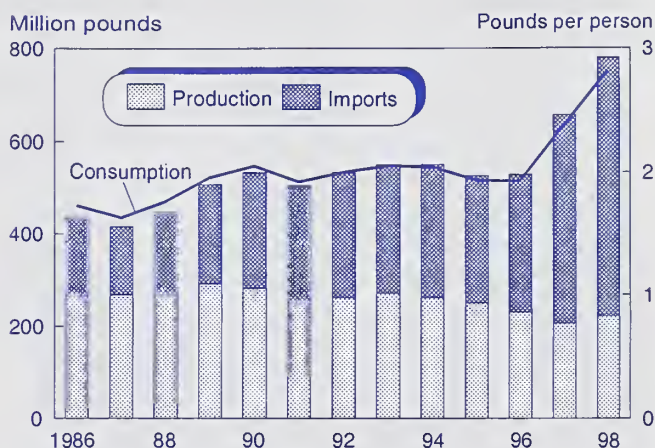
Fresh Pineapple Imports To Boost Consumption in 1999

Per capita consumption of fresh pineapples reached 2.81 pounds in 1998, increasing for the second consecutive year and breaking the record-high 2.38 pounds in 1997. The big gain in per capita consumption may be mainly attributed to record-large imports in 1998, totaling 563.5 million pounds. Imports increased 24 percent from the previous year, and Hawaii's production also rose 8 percent. Imports from Costa Rica totaled 446.0 million pounds, accounting for 79 percent of total imports (table 24). Imports from Honduras and Mexico also increased 9 percent and 16 percent, making up 20 percent of all imports.

About 67 percent of Hawaiian-grown pineapples are usually processed, but the United States imports much larger quantities of pineapple products than it exports. In the past 3

Figure 16

U.S. Fresh Pineapple Supply and Consumption



Sources: National Agricultural Statistics Service and Economic Research Service, USDA.

years, combined imports of canned pineapples and juice were 80-85 percent of total supplies, and exports amounted to 1-3 percent of imports. The Philippines and Thailand are major suppliers of canned pineapple and juice imports to the United States. During 1998, the Philippines provided 45 percent of U.S. canned pineapple imports and more than half of U.S. pineapple juice imports. Thailand's share was 20 percent canned and 28 percent juice.

Both pineapple juice and canned pineapple consumption fell in 1998 due to reduced imports. Pineapple juice imports fell 19 percent to 61.5 million single-strength gallons in 1998 (table 25). Drought conditions reduced crops in the Philippines and Thailand last year, causing pineapple juice imports from these two major suppliers to fall 10 percent and 25 percent from 1997. Sharp declines in imports from

Table 24--U.S. imports of fresh and frozen pineapples, by country, 1990-98

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998
1,000 pounds									
Costa Rica	122,135	112,682	129,102	161,716	185,352	172,995	192,305	344,342	446,029
Honduras	32,964	56,290	69,346	58,861	63,977	73,375	60,126	54,460	59,414
Mexico	8,673	12,236	14,861	17,145	13,148	13,599	17,849	35,423	41,009
Thailand	3,586	2,851	4,270	5,977	6,782	4,000	6,179	5,299	6,505
Ecuador	0	0	0	0	289	3,241	8,939	9,281	5,268
El Salvador	0	0	0	0	158	1,448	3,624	4,598	3,443
Guatemala	0	20	850	680	748	1,202	877	333	1,018
Dominican Republic	85,108	71,332	55,566	38,606	23,396	7,488	9,106	1,106	331
Panama	0	0	0	57	298	92	5,627	564	299
Colombia	1,174	188	47	218	11	7	39	97	77
Other countries	932	358	515	1,478	450	1,329	426	345	100
World	254,570	255,957	274,557	284,740	294,609	278,775	305,098	455,849	563,493

Source: Bureau of the Census, U.S. Department of Commerce.

the Dominican Republic and Honduras in 1998 displaced them from the top 10 list of major pineapple juice suppliers to the United States. Total canned pineapple imports to the United States declined 17 percent in 1998 to 548.4 million pounds (table 26). The Philippines, Thailand, and Indonesia remained as the top three suppliers of canned pineapples, but imports from these suppliers in 1998 fell 11 percent, 34 percent, and 25 percent from a year earlier. Imports and per capita consumption of pineapple juice and canned pineapples will likely increase in 1999 as the availability of raw materials are expected to rebound globally. Pineapple juice imports and canned pineapple imports from January through

June 1999 are up sharply (19 percent and 38 percent) from the same period in 1998.

Hawaiian pineapple production increased 2 percent in 1998 to 664 million pounds. Part of the increase in overall production in 1998 may be attributed to an expansion in harvested acreage to 21,000 acres, up 6 percent from a year earlier. Fresh-market utilization increased 8 percent, while processing use remained unchanged. As a result, the season-average price for fresh pineapples was off 7 percent from 1997, but the processing price was up 3 percent. The value of Hawaiian pineapple production in 1998 was \$92.8 million, up 1 percent from 1997.

Table 25-- U.S. imports of pineapple juice, 1990-98

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998
Thousand single-strength gallons									
Philippines	31,492	42,786	41,462	37,690	36,796	43,718	36,806	37,673	33,963
Thailand	35,637	31,538	35,364	41,769	27,121	30,440	31,131	23,045	17,203
Indonesia	710	708	288	871	3,423	3,951	6,771	8,888	5,244
Mexico	3,203	2,753	1,230	220	94	523	640	732	2,093
Costa Rica	2,068	3,141	1,973	2,859	1,874	1,780	1,704	2,916	1,598
Japan	7,249	3,691	3,417	2,536	2,500	3,529	2,299	380	394
Republic of South Africa	0	0	209	327	372	315	475	310	286
Canada	20	0	23	4	7	48	24	65	142
Malaysia	0	0	0	0	0	39	0	56	131
Mainland China	0	20	61	0	0	52	0	21	121
Other countries	8,998	8,295	3,869	2,728	1,027	624	3,995	1,996	326
World	89,377	92,932	87,897	89,003	73,215	85,019	83,846	76,082	61,502

Source: Bureau of the Census, U.S. Department of Commerce.

Table 26--U.S. imports of canned pineapples, 1990-98

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998
1,000 pounds									
Philippines	203,464	258,597	282,596	283,216	284,619	274,709	276,574	277,709	247,345
Thailand	286,494	270,076	384,948	379,245	339,949	219,508	172,067	167,347	109,955
Indonesia	26,896	30,063	36,299	42,093	53,819	61,580	120,862	145,840	108,676
China	243	1,265	2,027	974	666	1,051	3,907	5,011	22,354
Republic of South Africa	0	0	10	1,347	4,016	12,509	14,228	18,642	21,248
Malaysia	11,315	8,043	5,047	5,533	11,741	18,340	18,044	20,915	15,084
Singapore	8,132	4,316	5,466	6,777	5,200	2,050	3,777	6,247	7,880
Vietnam	0	0	0	0	0	354	5,479	7,859	7,198
Mexico	12,406	12,339	13,065	8,244	4,965	3,942	5,769	7,406	5,309
Japan	53,455	29,702	15,161	29,267	27,422	52,232	33,885	570	2,019
Other countries	17,224	29,529	16,919	5,269	7,742	8,704	5,249	3,659	1,331
World	619,629	643,930	761,538	761,965	740,139	654,977	659,840	661,204	548,399

Source: Bureau of the Census, U.S. Department of Commerce.

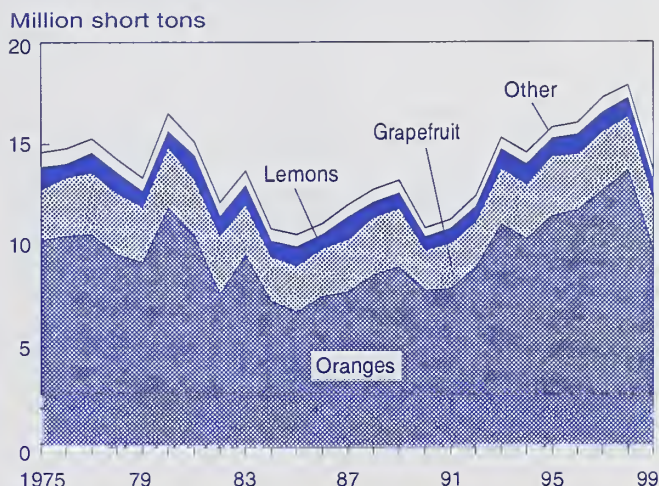
Citrus Fruit Outlook

U.S. Citrus Crop Down in 1998/99

The 1998/99 U.S. citrus crop decreased 23 percent from the previous season, mostly due to poor weather in 1998. All citrus crops, except limes, were smaller as a result (table 27). Florida's crop suffered from lasting effects of last year's El Niño weather conditions. California's citrus crop was greatly reduced by freezing temperatures that lasted for several days in late December 1998.

Florida's citrus production decreased 20 percent from the 1997/98 record crop and 18 percent from 1996/97. The adverse weather conditions in 1998/99 also slowed fruit maturity, and harvesting was delayed by a couple of weeks. This year's Florida orange crop was 24 percent lower than last year's record crop. Florida experienced some extreme weather conditions in 1998 and 1999, including excessive rain from February through April 1998 that had a negative impact on this year's bloom period. Then the State was hit

Figure 17
U.S. Citrus Production



Source: National Agricultural Statistics Service, USDA.

Table 27--U.S. citrus fruit: Utilized production by crop and State, 1995/96-1998/99 1/

Crop and State	1995/96	1996/97	1997/98	1998/99	1995/96	1996/97	1997/98	1998/99
	-- 1,000 boxes 2/ --				-- 1,000 short tons --			
All oranges	263,890	292,620	315,525	222,320	11,427	12,677	13,670	9,738
Arizona	1,650	1,000	1,000	1,200	63	38	38	45
California	58,000	64,000	69,000	34,000	2,176	2,400	2,588	1,276
Florida	203,300	226,200	244,000	185,700	9,149	10,179	10,980	8,357
Texas	940	1,420	1,525	1,420	39	60	64	60
All grapefruit	66,200	70,200	64,150	62,350	2,718	2,888	2,626	2,552
Arizona	1,200	900	800	800	40	30	27	27
California	8,100	8,200	9,000	8,500	271	275	301	285
Florida	52,350	55,800	49,550	47,050	2,225	2,371	2,106	2,000
Texas	4,550	5,300	4,800	6,000	182	212	192	240
All lemons	26,100	25,200	24,600	21,500	992	958	935	817
Arizona	5,100	2,600	2,600	3,500	194	99	99	133
California	21,000	22,600	22,000	18,000	798	859	836	684
Limes:								
Florida	300	320	440	500	13	14	19	22
Tangelos:								
Florida	2,450	3,950	2,850	2,550	110	178	128	115
All tangerines	8,100	9,450	8,200	7,650	349	418	360	337
Arizona	1,000	550	600	1,000	38	21	23	38
California	2,600	2,600	2,400	1,700	98	98	90	64
Florida	4,500	6,300	5,200	4,950	213	299	247	235
Templets:								
Florida	2,150	2,400	2,250	1,800	97	108	101	81
K-early citrus:								
Florida	160	150	40	80	7	7	2	4
U.S. total citrus	--	--	--	--	15,713	17,248	17,841	13,666

-- = Not applicable.

1/ The crop year begins with bloom of the first year shown and ends with harvest.

2/ Net pounds per box: oranges-California and Arizona-75; Florida-90; Texas-85; grapefruit-California and Arizona-67; Florida-85; Texas-80; lemons-76; limes-88; tangerines-California and Arizona-75; Florida-95; tangelos, Templets, and K-early-90.

Source: National Agricultural Statistics Service, USDA.

by very dry, hot weather from May through July. As a result, there was increased fruit shedding and a later maturing crop.

Grapefruit and tangerine production both declined 5 percent from the year before. Tangerine fruit size was smaller this year than last, but above the eight-season mean. There was also more fruit droppage this year than last. The Sunburst variety accounted for about 70 percent of the early varieties harvested, and Fallglo accounted for 20 percent. The older varieties, Dancy and Robinson, together accounted for 10 percent. The Honey tangerine crop, which is harvested later than the other varieties, also was smaller this year. It was, however, still the largest since 1979/80. Honey tangerines accounted for about 38 percent of Florida's tangerine crop. Lime production continues to increase in Florida as it has the last several years. In 1998/99, Florida produced 22,000 short tons of limes, 14 percent above a year ago and 56 percent above 1996/97.

California's citrus production decreased 39 percent as a result of freezing temperatures in the San Joaquin Valley that lasted several days in late December. This area accounts for the major portion of the navel orange crop and about half of the Valencia crop. The freeze hit with much of the crop still on the trees, and much of the fruit was not salvageable. While lemon production in this area is small relative to southern California, all the lemons grown in the Valley which had not been picked by the time of the freeze were lost. The lemon crop fell 18 percent, mostly due to the losses incurred in the San Joaquin Valley. The smaller California lemon crop reduced overall lemon production by 13 percent from a year ago. As a result of the smaller crop, retail prices averaged \$1.31 a pound from August through July, 11 percent higher than a year ago. Lemon exports were 1 percent higher this season than last. Shipments rose to the two major markets. Lemon exports to Japan rose 7 percent and exports to Canada rose 11 percent.

Arizona's citrus crop increased 26 percent in 1998/99. The orange and grapefruit crop remained the same size as the previous season, but lemon production rose 34 percent. This increase was not sufficient, however, to compensate for the reduced crop size in California. Tangerine production increased 65 percent, but Arizona's tangerine crop accounts for about 11 percent of the U.S. tangerine crop. Texas' citrus production increased 17 percent this year due to a larger grapefruit crop. Despite dry conditions during the harvesting season, growers irrigated their groves and were able to produce good quality fruit.

The citrus crop size for 1999/2000 is difficult to determine, but will probably not be as large as the crops 2 and 3 years ago. Florida has a lot of late blooms due to late rains after a

long drought period. The dry spring is expected to affect next year's crop despite irrigation. While some regions of Florida are expecting a good crop this year, overall it will probably not reach the record levels experienced 2 years ago. California's orange crop will probably still feel the effects of this year's freeze which lasted for a long enough period that it will probably have an impact on the trees as well as the fruit. It may take a few years for the orange crop to recover to previous production levels.

Orange Crop Declines Sharply in 1998/99 After 2 Years of Record Highs

The U.S. orange crop is estimated at 9.7 million tons in 1998/99, declining 29 percent from the 1997/98 record (table 28). Production declined in all the major producing States. Florida's crop, which accounted for 86 percent of all orange production this year, dropped 24 percent. California's crop, which still was the second largest in the United States despite its poor performance, dropped 51 percent. Poor-growing conditions in both States accounted for the large declines from 1997/98. California's navel crop was particularly affected by the freeze this past December, and while it usually accounts for about two-thirds of the State's orange crop, this year the navel and Valencia crops both were 638,000 tons. Arizona's orange crop rose this year to 45,000 tons.

Fresh-market orange grower prices in California averaged \$18.97 per 75-lb. box from November 1998 through June

Table 28-- U.S. oranges: Supply and utilization, 1985/86-1998/99

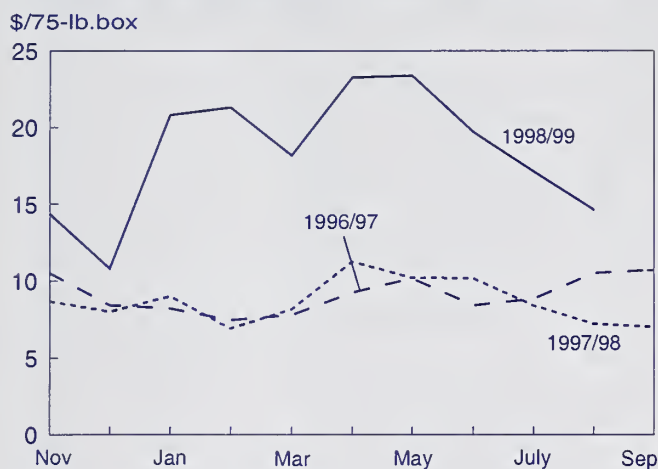
Season 1/	Supply		Utilization		
	Pro- duction	Fresh imports	Processed	Fresh exports	Fresh con- sumption
-- 1,000 short tons --					
1985/86	7,618	31	5,456	568	1,625
1986/87	7,889	22	5,731	584	1,596
1987/88	8,712	25	6,569	465	1,703
1988/89	9,117	9	7,062	559	1,505
1989/90	7,873	13	5,763	576	1,547
1990/91	7,961	69	6,704	257	1,068
1991/92	9,015	17	6,837	546	1,649
1992/93	11,105	11	8,664	613	1,839
1993/94	10,329	18	8,075	604	1,668
1994/95	11,432	20	9,241	635	1,576
1995/96	11,427	25	9,228	560	1,664
1996/97	12,677	33	9,888	662	2,160
1997/98	13,670	44	11,086	711	2,143
1998/99f	9,738	138	7,986	342	1,548

f=forecast.

1/ Marketing season begins in November of the first year shown. Includes Temples before 1993/94.

Source: Economic Research Service and Foreign Agricultural Service, USDA.

Figure 18
Fresh-Market Orange Prices in California



Equivalent on-tree prices received by growers.
Source: National Agricultural Statistics Service, USDA.

1999, 109 percent above a year ago. Retail prices for navel oranges were as high as \$0.94 a pound in 1998/99, averaging 56 percent above a year ago. The season was shorter this year because of late fruit maturity and insufficient supplies to meet the usual market window. Retail prices for Valencia oranges also were high in May through July this year. Averaging \$0.92 a pound, prices for Valencias have not been this high since 1991, the year following the last big freeze in California. Because this year's freeze may also have caused tree damage, retail prices for fresh oranges may also be expected to be high next year as the trees struggle to rejuvenate.

More navels went to processing this year because of the poorer quality of the fruit due to freeze damage. Navel oranges grown in southern California, however, were reported to be of good quality since they were not affected by the freeze. Most of California's navel crop was harvested by April this year, a month earlier than usual. Valencia oranges from southern California began entering the market in May, a month earlier than usual to make up for the unavailable navels.

The export market for fresh oranges was down 59 percent from November through June 1998/99 from the previous year. Shipments dropped by more than half to Canada, Japan, and Hong Kong as a result of a shortage of good-quality fruit for shipping.

Orange Juice Supplies and Stocks Drop After Last Year's Record Production

Difficult growing conditions in Florida for the 1998/99 orange crop reduced production 24 percent from the previ-

ous year's record. Florida's early-mid season varieties totaled 5 million tons, down 21 percent from last year. Harvesting of these varieties was mostly completed by early March. Valencia production totaled 3.3 million tons, 29 percent below last year. The Florida Agricultural Statistics Service reported that the harvesting of Valencia oranges was mostly complete by June.

Orange juice production is expected to be down 19 percent in 1998/99 than the previous year and the lowest since 1993/94. Last year's orange juice production, however, set a record high (table 29). Despite the size of the decline in this year's fruit production, juice yields set a record high of 1.63 gallons per ton, up from 1.58 gallons last year, and is expected to compensate for some of the fruit loss in overall juice production. Because of very high beginning stocks and expected high imports, orange juice consumption is expected to increase this year by about 1 percent. The lower production, along with steady consumption, is expected to send ending stocks down to 260 million gallons. If realized, stocks would be at their lowest since 1992/93.

The small crop in 1998/99 pushed prices Florida growers received for their processing oranges 29 percent above a year ago, and 48 percent above 2 years ago from December to June (table 30). In fact, monthly grower prices have been higher this year than any year since 1992, when growers were still recovering from the devastating effects of back-to-

Table 29--United States: Orange juice supply and utilization, 1986/87-1998/99f

Season	Begin- ing 1/ stocks	Pro- duction	Imports	Exports	Domestic con- sumption	Ending stocks 2/ 3/
Million SSE gallons 3/						
1986/87	204	781	557	73	1,267	201
1987/88	201	907	416	90	1,223	212
1988/89	212	970	383	73	1,258	233
1989/90	233	652	492	90	1,062	225
1990/91	225	876	327	96	1,174	158
1991/92	158	930	286	108	1,097	170
1992/93	170	1,207	326	114	1,339	249
1993/94	249	1,133	403	106	1,319	360
1994/95	360	1,257	198	117	1,415	283
1995/96	283	1,271	260	129	1,387	298
1996/97	298	1,437	257	148	1,454	390
1997/98	390	1,530	305	148	1,627	449
1998/99 f	449	1,244	351	148	1,637	260

f=forecast.

1/ Season begins in December of the first year shown.

2/ Data may not add due to rounding. Beginning with 1994/95 ending stocks, stock data includes chilled as well as canned and frozen concentrate juice.

3/ SSE = single-strength equivalent. To convert to metric tons at 65 degree brix, divide by 1.40588.

Source: Economic Research Service and Foreign Agricultural Service, USDA.

Table 30--Monthly prices for processed oranges and frozen concentrated orange juice, 1996/97-1998/99

Month	Processed orange 1/			Near-term futures contract 2/			Retail frozen concentrate 3/		
	1996/97	1997/98	1998/99	1996/97	1997/98	1998/99	1996/97	1997/98	1998/99
	-- \$ per 90-lb box --			-- \$ per pound solids --			-- \$ per 16 fl. oz. of product --		
Dec.	3.10	2.21	4.13	0.89	0.84	1.09	1.74	1.67	1.68
Jan.	3.19	2.63	4.85	0.82	0.91	1.00	1.74	1.60	1.75
Feb.	3.15	3.38	5.27	0.80	0.98	0.93	1.77	1.57	1.78
Mar.	3.99	4.75	5.69	0.84	1.06	0.83	1.75	1.59	1.74
Apr.	4.17	5.15	5.50	0.75	0.97	0.85	1.73	1.63	1.78
May	4.11	5.45	5.95	0.79	1.10	0.85	1.74	1.59	1.76
June	4.02	5.95	6.75	0.75	1.04	0.89	1.75	1.63	1.76
July	--	--	--	0.75	1.03	0.81	1.77	1.66	1.81
Aug.	--	--	--	0.72	1.10	--	1.76	1.67	--
Sep.	--	--	--	0.70	1.08	--	1.70	1.60	--
Oct.	0.75	2.35	--	0.66	1.15	--	1.71	1.66	--
Nov.	1.62	4.88	--	0.78	1.18	--	1.67	1.65	--
Simple Average	3.12	4.08	5.45	0.77	1.04	0.91	1.73	1.63	1.75

-- = Not applicable.

1/ Equivalent on-tree price received by growers, Florida.

2/ Average of closing prices. 3/ 16 fluid ounces of 42 degree Brix product contain 0.52 pounds of orange juice solids.

Sources: National Agricultural Statistics Service, USDA; New York Cotton Exchange; Bureau of Labor Statistics, U.S. Department of Labor.

back freezes in 1989 and 1990. Prices may also have remained high this year because of the growing competition for orange supplies used to make not-from-concentrate (NFC) orange juice production that uses only Florida oranges and for frozen concentrated orange juice (FCOJ).

Near-term futures prices averaged slightly lower this year than last for the December through July period. Prices started high, with expectations of smaller crops in Florida and Brazil. With the Brazilian crop producing better than expected, futures prices declined. The record large stocks going into this year's FCOJ also helped moderate prices. Unlike futures prices, retail prices have been higher this year, ranging from \$1.679 to \$1.813 for a 16-ounce can of FCOJ. Retail prices increased early in the marketing year, reflecting the retailers concerns for the expected smaller crop this year. Monthly retail prices for FCOJ, however, do not measure the price consumers pay for NFC orange juice, sales of which have been growing steadily. According to the industry, as of July, processors packed about 12 percent more NFC this year than last year. NFC production continued to grow this year at almost the same rate as last year. The fact that last year was a record crop and this year there was a much smaller supply of oranges shows the increasing importance of NFC as an orange juice product, in this case at the expense of FCOJ. NFC orange juice continues to grow in demand as a result of strong promotional campaigns by the major brand producers and consumers' increasing desire for ready-to-consume products.

Orange juice exports from December 1998 to June 1999 have been up so far from December through May 1998/99. Shipments were higher to Canada and Japan.

USDA forecasts Brazil's FCOJ production in 1999 to be up 9 percent over 1998 and exports to be up 3 percent (table 31). Because of smaller stocks coming into this year, along with stable consumption, exports are not expected to increase as much as production. Almost all of Brazil's orange juice is produced for export. This year's higher production is largely

Table 31--Brazilian FCOJ production and utilization, 1991-1999

Season 1/	Beginning stocks	Production	Domestic consumption	Exports	Ending stocks
Million SSE gallons 2/					
1991	177	1,334	25	1,390	96
1992	96	1,610	25	1,532	148
1993	148	1,572	25	1,546	148
1994	148	1,583	31	1,482	218
1995	218	1,525	25	1,476	242
1996	242	1,620	23	1,660	177
1997	177	1,954	22	1,778	331
1998	331	1,628	25	1,656	278
1999f	278	1,769	25	1,698	323

f=forecast

1/ Season begins in July of year shown.

2/ SSE=single-strength equivalent. To convert to metric tons at 65-degree Brix, divide by 1.40588.

Source: Foreign Agricultural Service, USDA.

attributable to higher production of late navel and Valencia oranges, reported good conditions of the Hamlin orange crop, and good weather through the growing season. Growers received higher prices for their crop in 1998, partially due to a smaller crop that year, allowing them to maintain good crop management practices, further helping increase the size of this year's crop. If the estimates for Brazil's orange juice production holds true, it can be expected to produce about 42 percent more orange juice this year than Florida. The larger crop should put downward pressure on world prices for orange juice this marketing year.

Grapefruit Crop Smaller for Second Consecutive Year

Grapefruit production fell 3 percent in 1998/99 to 2.6 million short tons, the lowest since 1991/92 (table 32). Production was up in Texas but down in Florida and California. It remained the same in Arizona. Florida's crop, which accounted for 78 percent of this year's crop, was down 5 percent. The white seedless grapefruit crop utilization is expected to be the smallest in 25 years, including freeze years. Red seedless grapefruit utilization, however, is expected to be the third largest behind the past 2 years. Seeded grapefruit utilization is expected to be the smallest in history. California's production was also down 5 percent. Texas' crop, on the other hand, increased 25 percent over the previous year. Texas now accounts for 9 percent of domestic production.

Table 32--U.S. grapefruit: Supply and utilization, 1985/86-1998/99

Season 1/	Supply		Utilization		
	Pro- duction	Fresh imports	Processed	Fresh exports	Fresh con- sumption
-- 1,000 short tons --					
1985/86	2,352	3	1,264	353	738
1986/87	2,586	2	1,386	436	766
1987/88	2,801	6	1,469	523	815
1988/89	2,844	4	1,449	587	812
1989/90	1,978	5	1,096	337	550
1990/91	2,256	8	1,015	513	736
1991/92	2,224	12	975	506	755
1992/93	2,791	14	1,518	486	801
1993/94	2,661	16	1,377	506	794
1994/95	2,912	14	1,597	536	793
1995/96	2,718	17	1,413	551	766
1996/97	2,888	14	1,539	529	834
1997/98	2,626	17	1,339	432	819
1998/99f	2,552	14	1,301	468	797

f=forecast

1/ Marketing season begins in September of the first year shown.

Source: Economic Research Service and Foreign Agricultural Service, USDA.

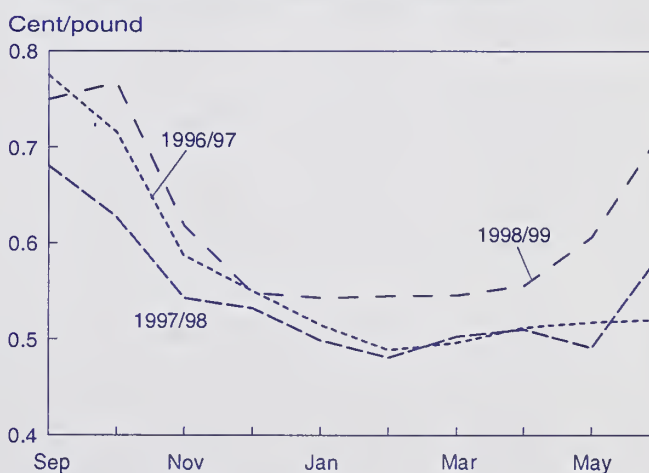
Grower prices for fresh grapefruit averaged higher this year than the past several seasons (table 33). Growers received an average of \$4.35 per 85-lb. box, ranging from \$5.48 at the beginning of the season to \$6.84 in May when the season ended. Higher prices were a result of strong demand from the processing sector, increased export demand, and the late-maturing crop.

Fresh grapefruit consumption in 1998/99 is expected to decline about 3 percent from the previous year, but will still be large relative to much of the decade. Most of the decline is attributable to the decreased crop size and increased exports. Retail prices in 1998/99 were about 13 percent higher this year than last, probably because of the smaller crop and higher export demand leaving less available for the domestic market.

Fresh grapefruit exports were up 11 percent from September through June 1998/99 over last year, despite the smaller crop. Increases in exports are extremely important to the industry because the export market has become more and more important for the U.S. grapefruit industry. According to industry sources, about 53 percent of Florida's grapefruit were exported this year through July. The three major markets remain Japan, France, and Canada. Among these three markets, only Japan's shipments increased. They remained stagnant to the other two countries. Big growth was seen, however, in Germany, Taiwan, and especially South Korea. Good news for the fresh grapefruit industry is the opening of new markets this coming season in China, India, and the Philippines. While grapefruit will mostly be a high-value product in these countries, there is already a solid middle class or tourist base in these countries that can afford the

Figure 19

Average Retail Prices for Grapefruit



Source: Bureau of Labor and Statistics.

Table 33--Grapefruit: Average monthly equivalent on-tree prices received by growers, Florida, 1995/96-1998/99

Month	Fresh grapefruit				Processing grapefruit				All grapefruit			
	1995/96	1996/97	1997/98	1998/99	1995/96	1996/97	1997/98	1998/99	1995/96	1996/97	1997/98	1998/99
-- Dollars per 85-lb box --												
Sep.	--	--	--	--	--	--	--	--	--	--	--	--
Oct.	6.24	6.76	4.57	5.48	-0.31	-0.50	-2.39	-1.85	4.78	5.24	3.26	3.60
Nov.	3.43	4.20	3.36	4.20	-0.43	-0.42	-1.88	-1.34	2.20	2.76	1.53	2.55
Dec.	2.45	3.38	3.77	3.68	0.28	-0.14	-1.85	-0.87	1.49	1.95	1.61	2.07
Jan.	3.04	3.75	3.27	3.20	0.47	-0.02	-1.85	-0.48	1.69	2.01	0.77	1.47
Feb.	3.39	3.29	3.46	2.97	0.68	0.15	-1.24	0.43	1.68	1.55	0.49	1.41
Mar.	3.41	3.88	3.13	3.67	0.74	0.13	-1.00	0.54	1.56	1.10	0.22	1.50
Apr.	4.67	3.24	2.99	4.75	0.64	0.02	-1.14	0.84	2.07	0.93	0.14	2.08
May	4.26	1.92	2.29	6.84	0.33	-0.01	-1.18	1.53	2.29	0.56	-0.21	2.94
June	--	2.16	--	--	--	0.40	--	--	--	1.42	--	--

-- = Insufficient marketing to establish price.

Source: National Agricultural Statistics Service, USDA.

fruit, and demand is foreseen by the industry as growing over time.

An estimated 1.3 million tons of grapefruit went into processing this year, 3 percent less than a year ago. Grapefruit yields were up 9 percent this year at 1.29 gallons per box (40-degree Brix) for concentrate and up 4 percent at 5.24 single-strength equivalent gallons for chilled juice. The higher yields should help offset the reduced quantity of fruit that went to processing. Florida processors packed 24 million 40-degree brix gallons of frozen concentrated grapefruit juice by the end of July 1998/99, 1 percent above a year ago. Stocks, however, during the same period were 22 percent lower than a year ago. White concentrated grapefruit juice accounted for 42 percent of stocks, down from 58 percent in 1997/98. Reduced supply of white grapefruit and decreasing demand for white concentrated grapefruit juice by consumers contributed to the decline. Red grapefruit juice stocks increased to 58 percent with the large supply of seedless red grapefruit this year. Pack of NFC grapefruit juice increased 8 percent this year. Sales of NFC grapefruit

juice were said to be strong this year as consumers continue to show a preference for ready-to-serve products.

An expected large crop at the beginning of the season, along with continued low demand for grapefruit juice, put downward pressure on grower prices in Florida for processing grapefruit at the beginning of the marketing year. Prices, however, picked up as the season progressed and the average price for processing grapefruit finally showed a turnaround after 2 years of very low prices. Growers received an average of minus 15 cents per box, 90 percent higher than last year. The negative value represents the net loss to the grower after he/she has incurred the expenses to produce, pick, and haul the grapefruit to the processor. Because of improved prices and a smaller crop this year, all of this year's crop appears to have been utilized. In the past few years, growers stopped picking their grapefruit because prices got too low for them to make it worth their while to incur the costs of picking and hauling.

California and Florida Citrus Acreage Reports Released

The California Agricultural Statistics Service released the 1998 Citrus Acreage Report this May, the first since 1993. According to the report, acreage has been increasing for most of the major citrus crops. Total navel orange acreage increased 13 percent since 1992 and Valencia orange acreage increased 5 percent. Navels and Valencias are grown mostly in the San Joaquin Valley, in particular in Tulare County. Tulare accounts for about 52 percent of the State's navel acreage and 38 percent of its Valencia crop. Ventura County in southern California accounts for about 18 percent of the Valencia crop. With such a heavy concentration of oranges in Tulare and other San Joaquin Valley counties, adverse weather conditions affecting the Valley, such as this past December's freezing weather, can have a major impact on the entire crop. As a result, California lost so many oranges this year—the crop was half the size of the previous year.

Lemon acreage has increased 12 percent since 1992. Most of the production is in the southern part of the State. Ventura County accounted for 52 percent of the lemon acreage, and Riverside County accounted for another 10 percent.

Nonbearing acreage of both navel and Valencia oranges accounted for about 6 percent of total acreage planted. That brings the total navel orange acreage to 136,514 acres and Valencia's to 78,307 acres. A larger percentage of lemon acreage has not reached bearing age yet, indicating that lemon acreage is growing faster than orange acreage in California. About 12 percent of California's 53,720 acres of lemon groves are not yet bearing. Lemon nonbearing acreage has grown 261 percent between 1992 and 1998. The number of nonbearing acres for navel oranges is about the same in 1998 as in 1992, however, the number of nonbearing acres of Valencia declined in 1998. There is a stronger demand for fresh navel oranges than for fresh Valencias. The Valencia crop is marketed at a time when many summer fruit are competing in the marketplace. The large amount of nonbearing acreage planted to oranges and lemons suggests that within the next few years, production should be expected to increase for oranges and become even higher for lemons, barring any adverse weather conditions. New techniques for planting trees closer on the newly planted acres than in older groves would suggest that the rate of growth of the crops could actually be larger than what might be estimated taking acreage increase only into account.

The Florida Agricultural Statistics Service (FASS) completed its tree inventory in September 1998. FASS does biennial surveys of citrus trees and acreage planted. According to the results of its latest survey, orange acreage continues to increase, but grapefruit acreage is declining. In 1998, Florida had 658,390 acres of oranges, 93 percent of which were bearing. About 48 percent of all acreage was planted to Valencia oranges, with the remainder planted to early- and mid-varieties, such as Hamlins, Parson Browns, navels, Ambersweets, and Pineapple oranges. Total orange acreage increased 8 percent since 1992. Valencia orange acreage grew 17 percent during this time, as many growers who were replanting their groves after the 1988 and 1989 freezes chose to plant Valencias over other varieties, and growers who were removing grapefruit trees were often replacing them with Valencias. The popularity of the Valencia variety has increased in Florida because it is important in the making of not-from-concentrate (NFC) orange juice.

Most Florida oranges are grown in Hendry County in the southwest part of the State and Polk County in central Florida. Plantings in Hendry County tend to be newer as growers moved southward after several freezes in the eighties damaged trees and crops in the north and central regions of the State. The newer trees are planted more densely than traditional orange groves, and that increases the amount of oranges expected for the future as more acres begin bearing commercial-size crops. Under favorable weather conditions, it is possible to see record orange production in the coming years. While orange juice demand, especially for NFC orange juice, is stable or increasing, the larger crop could adversely affect grower returns should record production occur.

Grapefruit was planted on 132,817 acres in 1998, a 2-percent decline from the 1992 survey but a 10-percent decline from the 1994 survey. Colored grapefruit accounted for 57 percent of the acres in 1998. Nonbearing acres accounted for less than 1 percent of total grapefruit acreage as growers have been removing or abandoning grapefruit trees because of the low grower prices in recent years. Most grapefruit are grown in Florida's east coast in St. Lucie and Indian River counties. The smaller grapefruit crop that can be expected in future years should help improve grower prices after several years of very depressed returns.

Record Tree Nut Supply Possible

Total production of tree nuts will likely increase substantially this season and could surpass the previous record set at 1.2 billion pounds in 1997/98. Record almond and walnut crops are forecast, and larger crops of hazelnuts and pecans are likely in 1999. Pistachio production is forecast smaller than last year. Because of reduced world tree nut supplies last season, U.S. exports were strong, and also U.S. domestic consumption was high, resulting in a smaller carryover situation (table 34).

Record Almond Supply

The 1999 California almond crop is forecast at a record 830 million pounds, shelled basis, up 60 percent from last year's crop. Bearing acreage is forecast at 480,000 acres, up 20,000 from the revised acreage estimate of 460,000 in 1998. Statewide bloom for this year's crop was good to excellent. Frost during the first 2 weeks of April caused moderate to heavy damage in a few locations. Cool, late spring weather delayed crop development by about 2 weeks.

Beginning stocks of almonds for the 1999/2000 season are about 100 million pounds compared with 172 million pounds on hand the previous year. Exports of 420 million pounds were good last season in spite of a much smaller supply, and domestic consumption was very strong at 148 million pounds. Due to the record large supply, the average grower price this season will likely decline from the season average of \$1.40 per pound received last season. Also, U.S. almonds are likely to face increased competition in international markets, especially if the Spanish almond crop increases as expected.

Larger Hazelnut Crop Expected

The Oregon hazelnut crop this year is expected to increase substantially from last year's small crop of 15,500 tons, in-shell basis, which was less than a third of the record crop of 47,000 tons produced in 1997. Acreage of hazelnuts is steadily increasing, and the 1998 crop was produced from 29,530 acres. Due to the light crop harvested last season, the 1998 season-average price received by growers climbed to \$964 per ton, compared with \$899 per ton received in 1997.

Based upon the objective measurement survey released on August 27, 1999, by the Oregon Agricultural Statistics Service, production of hazelnuts is forecast at 38,000 tons, in-shell basis, almost two and one-half times larger than the 1998 crop. However, this is still 19 percent less than the

record crop harvested 2 years ago. The increased production comes from additional bearing acreage, the alternate-bearing nature of this tree nut (a heavy crop will typically follow a light crop if weather conditions are normal), and improved conditions for crop development.

Pollination was generally good during January and February despite wetter than normal weather. Crop progress is now about 10 to 14 days behind normal. Except for delayed maturity, the cool, wet spring and summer has not had an adverse effect on the crop.

Due to the much smaller supply available in 1998/99, exports fell sharply. In spite of higher imports, U.S. domestic consumption also was lower. The large supply of Turkish hazelnuts last year depressed prices in foreign markets, but this season the supply situation will likely decline, which should open up some markets for U.S. tree nuts. The impact of the recent earthquake in Turkey has caused some infrastructure damage, but damage losses to tree nuts are unknown at this time.

Pecan Crop Prospects Improved

Pecan production in 1999 should be much improved over last year's small crop. In 1998, all pecan-producing States, except Louisiana and North Carolina, harvested substantially smaller crops than in 1997. The first official USDA production forecast for pecans will be released on October 8, 1999. The September forecast has been discontinued. Industry estimates place this year's crop at 335 million to 385 million pounds. This year's crop has the potential to be a record because of adequate moisture during the fall of 1998 through this past spring which promoted good crop development. In addition, trees had strong energy reserves because of last year's small crop. Private source estimates also vary widely on production in Mexico, from 70 million to 114 million pounds. This indicates that U.S. imports from Mexico will likely decline significantly because demand will be met by the large U.S. domestic supply.

Last year, pecan production totaled 146 million pounds in-shell, the smallest crop since 1976. This compares with a large crop of 335 million pounds produced in 1997 and an "average-size" crop of about 210 million pounds in 1996. Grower prices averaged \$1.21 per pound, in-shell basis, (this is about \$2.71 shelled basis), compared with 77.4 cents per pound in-shell in 1997 and 64.1 cents per pound in 1996.

Table 34--Tree nuts: Supply, utilization, and grower prices, by commodity and marketing year, 1994/95-1998/99

								Domestic consumption		
Commodity	Marketing year 1/	Beginning stocks	Marketable production 2/	Imports	Total supply	Exports	Ending stocks	Total	Per capita	Grower price
--Million pounds (shelled)--									Pounds	\$/lb.
Almonds 3/	1994/95	102.6	696.2	0.4	799.2	442.1	204.8	152.2	0.58	1.34
	1995/96	204.8	351.4	0.6	556.8	338.4	92.8	125.7	0.48	2.48
	1996/97	92.8	486.3	1.2	580.4	401.4	48.3	130.7	0.49	2.08
	1997/98	48.3	726.2	0.1	774.6	462.8	172.0	139.8	0.52	1.56
	1998/99 P	172.0	496.3	0.1	668.4	420.0	100.4	148.0	0.54	1.40
Hazelnuts 4/	1994/95	1.7	15.8	12.3	29.8	10.4	0.4	18.9	0.07	1.05
	1995/96	0.4	28.6	11.2	40.2	13.3	4.1	22.9	0.09	1.18
	1996/97	4.1	13.8	3.2	21.1	13.9	0.4	6.7	0.03	1.12
	1997/98	0.4	31.4	10.4	42.2	18.0	1.4	22.8	0.08	1.24
	1998/99 P	1.4	11.7	14.9	28.0	7.8	1.0	19.2	0.07	1.20
Pecans	1994/95	76.7	86.2	32.6	195.6	13.5	55.0	127.1	0.49	2.40
	1995/96	55.0	122.2	27.7	204.9	17.4	85.9	101.7	0.38	2.22
	1996/97	85.9	93.9	28.1	207.9	19.6	59.7	128.6	0.48	1.43
	1997/98	59.7	148.1	32.9	240.8	20.8	98.0	122.0	0.45	1.75
	1998/99 P	98.0	65.5	44.0	207.5	13.6	45.5	148.4	0.55	2.71
Walnuts 5/	1994/95	73.0	199.9	0.7	273.6	99.6	56.9	117.1	0.45	1.19
	1995/96	56.9	196.9	2.3	256.2	98.3	55.3	102.6	0.39	1.66
	1996/97	55.3	169.6	0.3	225.2	102.7	40.3	82.1	0.31	1.93
	1997/98	40.3	220.5	2.3	263.1	94.1	67.6	101.4	0.38	1.74
	1998/99 P	67.6	186.3	2.9	256.8	96.4	59.4	101.0	0.37	1.23
Macadamias	1994/95	na	12.0	4.7	16.7	1.8	na	14.9	0.06	3.02
	1995/96	na	11.5	5.6	17.0	2.4	na	14.6	0.06	3.29
	1996/97	na	12.9	5.5	18.4	3.1	na	15.3	0.06	3.42
	1997/98	na	13.2	7.1	20.2	8.9	na	11.3	0.04	3.30
	1998/99 P	na	13.0	7.0	20.0	9.0	na	11.0	0.04	2.87
Pistachios 6/	1994/95	25.7	51.3	0.7	77.7	25.3	16.8	35.6	0.14	2.31
	1995/96	16.8	59.5	0.4	76.8	31.5	13.8	31.4	0.12	2.49
	1996/97	13.8	40.4	0.9	55.2	32.2	7.7	15.3	0.06	3.01
	1997/98	7.7	74.9	0.2	82.8	34.5	9.7	38.6	0.14	2.71
	1998/99 P	9.7	76.0	0.7	86.4	29.2	7.0	50.2	0.18	2.55
Other nuts 7/	1994/95	na	0.0	167.5	167.5	36.5	na	131.0	0.50	--
	1995/96	na	0.0	156.2	156.2	42.5	na	113.7	0.43	--
	1996/97	na	0.0	173.5	173.5	32.9	na	140.7	0.53	--
	1997/98	na	0.0	188.5	188.5	44.4	na	144.0	0.54	--
	1998/99 P	na	0.0	190.0	190.0	45.0	na	145.0	0.53	--
Total	1994/95	279.7	1,061.4	218.9	1,560.1	629.2	334.1	596.8	2.28	--
	1995/96	334.1	770.1	204.0	1,308.2	543.8	251.9	512.5	1.94	--
	1996/97	251.9	816.9	212.8	1,281.6	605.8	156.4	519.3	1.95	--
	1997/98	156.4	1,214.4	241.3	1,612.2	683.6	348.7	579.9	2.15	--
	1998/99 P	348.7	848.7	259.6	1,457.1	620.9	213.4	622.8	2.29	--

na = Not available. -- = Does not apply. P = Preliminary.

1/ Marketing season begins July 1 for almonds, hazelnuts, macadamias, pecans, and other nuts; August 1 for walnuts; and September 1 for pistachios.

2/ Utilized production minus inedibles and noncommercial use.

3/ Stock figures from the Almond Board of California.

4/ Stock figures from the Hazelnut Marketing Board.

5/ Stock figures from the Walnut Marketing Board.

6/ Stock figures from the California Pistachio Commission.

7/ Includes Brazil nuts, cashew nuts, pine nuts, chestnuts, and mixed nuts.

Sources: Economic Research Service and National Agricultural Statistics Service (utilized production and stock data, except where noted), USDA; and Bureau of the Census, U.S. Department of Commerce (trade data).

Beginning stocks for last season were much higher than normal, and imports also increased substantially, but this did not offset completely the much smaller pecan crop in 1998. However, total supply for the 1998/99 season was about 208 million pounds, about average for the last 5 years. Exports were down in the 1998/99 season, but since domestic consumption increased significantly, the carryover stocks for the 1999/2000 marketing year are less than half of a year ago.

Walnut Production Rebounds

The California walnut production, as of September 3, 1999, is forecast at a record 280,000 tons, in-shell basis, 23 percent higher than last season's production of 227,000 tons. The previous record crop of 269,000 tons was harvested in 1997. The bearing acreage estimate is 193,000 acres, the same as the previous two seasons. The yield forecast is a record 1.45 tons per acre. The previous record yield was 1.43 tons per acre set in 1991. Although bearing acreage is steady, it is at record-high levels, and combined with stronger-producing varieties and age composition of the trees, yields are trending upwards.

Due to a cool spring, the crop is about 2 weeks behind normal. The early and mid-season varieties appear to be about average, while the late varieties, such as Hartley and Chandler, appear to be above average. Quality is expected to be excellent, with very little damage. The percent of sound nuts in-shell, as measured by the 1999 Objective Measurement Survey, was a record high 97.9 percent Statewide. In-shell weight per nut was 23.0 grams, while the average in-shell suture measurement was 32.2 millimeters. The average length in-shell was 39.4 millimeters. Complete details can be found at www.nass.usda.gov/ca.

Exports increased slightly last season, but domestic consumption declined slightly. Since total supply at the beginning of the marketing year was lower due to the smaller crop, ending stocks are below average, and this will partially offset increased new crop supplies this season. Export prospects should improve if the Turkish hazelnut crop and

competing walnut supplies in foreign countries decline. Last season shelled shipments to both domestic and export markets were nearly unchanged. In-shell shipments to domestic markets were also unchanged, but in-shell export shipments were off significantly due to the large quantities of in-shell product available in foreign markets.

Macadamia Production Off

Hawaiian macadamia nut production decreased slightly in 1998 to 57.5 million pounds in-shell. Bearing acreage has been holding steady at 19,200 acres. Weather-related problems are responsible for the yield reduction. At this time it is unknown if production this year will increase or decrease. Last year's crop price was 65.0 cents per pound compared with 75.0 cents in 1997 and 78.0 cents in 1996. Hawaiian macadamias are meeting more competition with Australia, and the decline of Japanese tourists to Hawaii because of the Asian crisis has decreased demand for macadamias.

Pistachio Industry Expects Smaller Crop

The California pistachio production forecast as of September 3, 1999, is 110 million pounds in-shell, compared with last season's record crop of 188 million pounds. Bearing acreage is forecast at a record 68,000 acres, compared with 65,900 acres in 1998. The 1999 crop yield is forecast at 1,620 pounds per acre compared with 2,850 pounds per acre last year. Yield is lower due to less-than-ideal development conditions and the alternate-bearing characteristics of this tree nut. Due to the later than usual spring, the crop is approximately 2 to 3 weeks behind normal. In recent years, production has remained more stable as Pioneer Gold rootstock (verticillium wilt resistant) has increasingly replaced the older Atlantica rootstock. The Pioneer Gold generally bears heavy on the even-numbered years and the Atlantica on the odd. The average number of clusters per tree, nuts per cluster, and filled nuts per tree are lower than last year, but the average weight per kernel is higher. Complete details can be found at www.nass.usda.gov/ca.

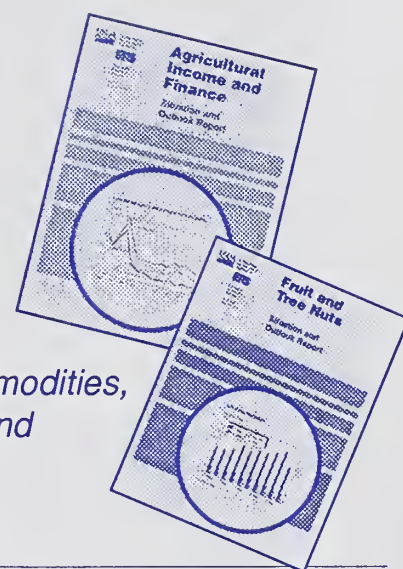
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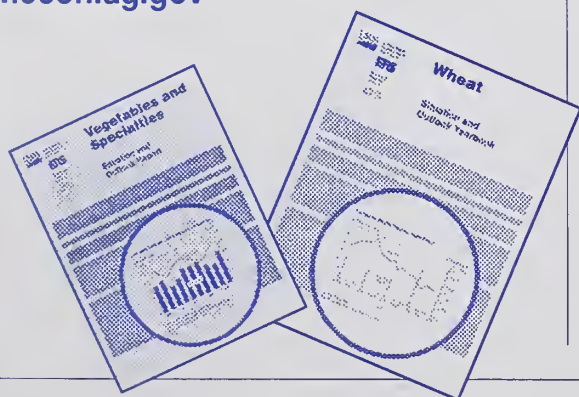
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